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IN THE

Supreme Court of the United States

October Term, 1970.

No. 699

CHARLES MAJURI and JOSEPH CARUANO,
Petitioners,

v.

UNITED STATES OF AMERICA, JOHN N. MITCHELL, Attorney General of the United States, FREDERICK B. LACEY, United States Attorney for the District of New Jersey and JOHN DOE, Any Federal Law Enforcement Officer,
Respondents.

PETITION FOR WRIT OF CERTIORARI FOR THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

FILINDO B. MASINO,
ANTHONY G. BATEMAN,
Attorneys for Petitioners.

1420 Walnut Street—Suite 1501
Philadelphia, Pa. 19102,

International, 711 So. 50th St., Phila., Pa. 19143—Tel. SA 7-8711 Area Code 215

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UNITED STATES OF AMERICA, JOHN N. MITCHELL, ATTORNEY GENERAL OF THE UNITED STATES, FREDERICK B. LACEY, UNITED STATES ATTORNEY FOR THE DISTRICT OF NEW JERSEY AND JOHN DOE, ANY FEDERAL LAW ENFORCEMENT OFFICER,
Respondents.

PETITION FOR WRIT OF CERTIORARI FOR THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

APPLICATION.

Petitioners, CHARLES MAJURI and JOSEPH CARUANO, seek a Writ of Certiorari to review the decision of the United States Court of Appeals for the Third Circuit,

entered on August 17, 1970, which dismissed their appeals from a decision by the Honorable Leonard I. Garth, Judge of the United States District Court for the District of New Jersey, and to review so much of the order of the Circuit Court of Appeals as denies the Petitioners' Motions for Injunctive Relief pending the disposition of this action. *Reference to opinion below.* Judge Leonard I. Garth's decision of May 7, 1970, has not been officially reported, and is set out at (14a) in the Petitioners' Appendix. The opinion of the Court of Appeals has not yet been officially reported, and is set out in (21a) of the Petitioners' Appendix. The Judgment of the Court of Appeals is reprinted at (30a) of Appendix.

JURISDICTIONAL STATEMENT.

Judgment of the Court of Appeals was entered on August 17, 1970. The decision of Judge Leonard I. Garth denying Petitioners' Application for the Convening of a Three-Judge Court and for Preliminary Injunction, and dismissing their Complaint in Equity was entered on May 7, 1970. The jurisdiction of this Court is invoked on Certiorari under Title 28 U. S. C. § 1254(1), because the decision of the Third Circuit Court of Appeals presents important questions of Federal Constitutional and statutory law and jurisdiction which, in our view, are in conflict with the applicable decisions of this Court and other United States Courts of Appeals, and presents questions which should now be definitively settled by this Court since the decision of the Third Circuit Court of Appeals so far departs from the accepted and usual course of judicial proceedings and affirms such a departure by the lower Court as to call for the exercise of this Court's power of supervision (Rule 19).

QUESTIONS PRESENTED.

1. Does not the affirmal by the Third Circuit Court of Appeals of an order by a single District Court Judge, which dismissed the petitioners' cause of action, brought under Title 28 U. S. C. §§ 2282 and 2284, wherein they had sought the convening of a Three-Judge Court to restrain the enforcement against them of an allegedly unconstitutional act of Congress, when the single Judge had determined that a substantial question of the Constitutional validity of the act had been raised, draw the Circuit into conflict with decisions of other Circuits on the important question of the jurisdictional requirements for convening Three-Judge Courts?

2. Does not the Circuit Court's affirmal of the order conflict with the applicable decisions of this Court on the question of when a Three-Judge Court must be convened and the responsibilities and power of a single Judge, when injunctive relief is sought, seeking to determine the constitutionality of acts of Congress?

3. Does the sanctioning by the Circuit Court of the dismissal of a Complaint by a single District Court Judge, the jurisdiction over which action Congress has specifically provided must be exercised by a Three-Judge Court, so far depart from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision?

4. Does the sanctioning by the Circuit Court of the dismissal of the Petitioners' Complaint in Equity, when despite proper service of that Complaint on all parties Defendant, no responsive pleading was ever made by or on behalf of any of the Defendants, so far sanction a departure by the Lower Court from the accepted and usual course of judicial proceedings, as to call for an exercise of this Court's power of supervision?

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED.

1. Federal Constitutional Provisions:

(a) "The judicial power of the United States shall be vested in one supreme Court, and in such inferior Courts as Congress may from time to time ordain and establish" (Art. III, Sec. 1);

(b) "The Congress shall have power to constitute . . . tribunals inferior to the supreme Court; and to make all laws which shall be necessary and proper for carrying through the foregoing powers" (Art. I, Sec. 8(9) and (18)).

(c) "Judicial power shall extend to all cases in law and equity rising under the Constitution, and the laws of the United States . . . and to controversies to which the United States will be a party . . ." (Art. III, Sec. 2(1)).

2. Federal Statutes and Regulations:

The Appendix sets forth the pertinent provisions of the Federal Statutes providing for:

(a) A District Court of Three Judges in Constitutional cases, 28 U. S. C., §§ 2282 and 2284 (33a & 34a);

(b) Original jurisdiction of the Federal District Courts in Federal question cases, 28 U. S. C., § 1331 (36a);

(c) Appellate jurisdiction of the Circuit Court of Appeals over final orders of the District Court refusing injunctions, 28 U. S. C., § 1291 (36a);

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* All such references are to the pages of Petitioner's Appendix.

(d) The powers of the Federal Appellate Courts, 28 U. S. C., § 2106 (37a);

(e) The pertinent provisions dealing with extortionate credit transactions alleged below to be unconstitutional, 18 U. S. C., §§ 891, 892 and 894 (38a);

(f) Pertinent sections dealing with Certiorari, 28 U. S. C., § 1254(1), (37a).

STATEMENT OF THE CASE.

1. Importance of the Case.

This Petition for Certiorari is the last opportunity for Petitioners to vindicate their rights of access to the Federal Courts in order to litigate their claim of immediate and irreparable harm imposed upon them by the enforcement against them of an act of Congress, which they allege to be unconstitutional (18 U. S. C., §§ 891, 892 and 894) (38a). It presents questions of importance to the administration of justice throughout the Federal System, because it seeks review by this Court in order to bring some definitive guides to effect an escape from the "procedural and jurisdictional morass into which litigants may be lead by the troublesome Three-Judge Court Statutes" that the Third Circuit Court of Appeals recognized in their opinion below (28a); a morass complained of by Chief Judge Brown in *Mayhue's Liquor Store v. Meiklejohn*, 426 F. 2d 142 (1970) as the "confusion inherent in the Three-Judge Statutes and their application to present-day problems". (at 144).

It seeks a resolution of conflicts among the Circuits on the role of the single Judge in convening a Three-Judge Court; a resolution of a conflict arising between the Third Circuit Court and the decision of this Court in *Idlewild Bon Voyage Liquor Corp. v. Epstein*, 370 U. S. 713 (1962); and it seeks review of the anomalousness of now which flows from the action of the Highest Appellate Court of the land, open as of right to the Petitioners, in affirming the dismissal of their law suit, when no responsive pleading was ever made to their Complaint.

2. Nature of the Case.

This is an action for injunctive relief, seeking an order restraining the Appellees, Law Enforcement Officers of the

United States, from enforcing by way of further proceedings in a pending criminal action (Criminal No. 545/69 in the District Court for the District of New Jersey), or in any other way, certain provisions of Title 18 U. S. C., §§ 891, 892 and 894 against the Petitioners, because they claim these provisions to be unconstitutional because violative of the Ninth and Tenth Amendments to the United States Constitution. Petitioners filed a Complaint in Equity on March 30, 1970 alleging their indictment and that the charges were unconstitutional, and claiming that the enforcement against them by way of indictment of these provisions resulted in the spending of money in the preparation of a defense to the charges, and claiming grave personal inconvenience, and interruption of their life style resulting from the necessity of doing all things to prepare a defense to the charges, and the claiming of grave personal anxiety resulting from the doing of all things necessary to prepare a defense to the charges.

The Complaint was served by the Marshall on all parties named as Defendants. The action was assigned by the President Judge of the United States District Court for the District of New Jersey to the Honorable Leonard I. Garth, who was the same Judge assigned to hear the criminal actions. At the same time as the filing of the Complaint, Petitioners moved for the convening of a Three-Judge District Court, under 28 U. S. C., § 2284. Petitioners also moved for a Preliminary Injunction to restrain the criminal action from proceeding, pending the disposition of their suit in equity. This was addressed to the Three-Judge Court which they had moved to convene. Before any responsive pleading was made by or on behalf of any of the Defendants to the suit in equity, Judge Garth asked Petitioners, through their Counsel, to present argument on the question of whether or not their Complaint raised a

substantial constitutional question as to the validity of the provisions attacked as unconstitutional. A Brief was submitted to the Court, addressing itself to the question of the substantiality of the Constitutional questions presented, and Petitioners, through Counsel, were invited to be heard in oral argument on that question. The Defendants named in the Petitioners' Complaint were represented at the argument on the question of the substantiality of the Constitutional questions—by Attorneys from the Strike Force against Organized Crime for New Jersey, who in oral argument argued that the Complaint did not raise a substantial question of the Constitutional validity of the acts in question, and that in any case there existed for the Petitioners an adequate remedy at law. The District Court dismissed the action, even though no answer or appearance had been made on behalf of the Defendants. And, it dismissed the action, even though it held that the Complaint had raised a substantial Constitutional question concerning the validity of the act. Petitioners appealed to the Third Circuit from the order dismissing their action and from the denial of their Motion to Convene a Three-Judge Court. The Third Circuit affirmed the District Court.

ARGUMENT.

I. The Order of the Circuit Court of Appeals Affirming a Single District Court Judge's Order Dismissing an Action for Injunctive Relief, Seeking to Restrain the Enforcement of an Act of Congress as Unconstitutional, When There Exists a Substantial Question of the Constitutional Validity of Such Act, Draws the Third Circuit into Conflict With Decisions of Other Circuits on the Question of Jurisdictional Requirements for the Convening of a Three-Judge Court.

The Fifth Circuit Court of Appeals in *Hargrave v. McKinney*, 413 F. 2d at 320 (1969) reversed a Single District Judge's refusal to convene a Three-Judge Court and his dismissal of the Petitioners' Complaint for lack of jurisdiction. In doing so, it recognized that the test for the convening of a Three-Judge Court, aside from the substantiality of the Constitutional question presented, was "does the Complaint at least formally allege a basis for equitable relief". It held that a single Judge must, in determining whether the Complaint at least formally alleges a basis for equitable relief, construe the Complaint liberally and take well-pleaded material allegations as admitted. It found that the Compaint in that case at least formally alleged a basis for equitable relief, because in reviewing the allegations, they could not say that there was no reasonably arguable theory from facts which, if proved, would support a decision in favor of the plaintiff. The Third Circuit Court of Appeals in the present case, to the contrary, read more stringent requirements into this Court's test, enumerated in *Idlewild Bon Voyage Liquor Corp. v. Epstein*, than the language of Idlewild itself or the manner in which the Fifth Circuit applied it. Here, recognizing

the Petitioners' claim that they had made allegations of irreparable harm, and recognizing that the petitioners had demanded relief in an area where equity has traditionally been able to afford a remedy; nonetheless, they charge the single Judge with the responsibility of making a judgment, without benefit of an evidentiary hearing, as to how substantive were the allegations of injury and harm made in the Complaint (—(a)). Nor is this the first instance of the Third Circuit deciding in this area of the law in conflict with decisions of other Circuits. In *Sinatra v. New Jersey State Commission*, 311 F. Supp. 678 (1970), that Court, acting through Chief Judge Hastie, reached a conflicting result to the Fifth Circuit in *Mahue Liquor Store v. Micklejohn*, and it specifically recognized that it had chosen a contrary result. The Third Circuit's opinion on the *Sinatra* case points up the split in the Circuits on the question presented in the present case. Judge Brown in *Mahue* points out some of the reasons for these conflicts, saying "As is so often the case in the contemporary efforts of courts to make a little order and efficiency out of the inbuilt chaos from a statutory machine that was not designed for the intense use demanded by today's expanding invocation of federally secured constitutional claims, the underlying substantial question is all but forgotten". He further points out how in these areas consideration of the merits of a claim is inextricably bound up with questions of jurisdiction. And so too is the Second Circuit Court of Appeals in conflict with the Fifth, as is illustrated in *Heaney v. Allen*, 425 F. 2d 869 (1970), (USCA 2nd) in which Judge Friendly declined to adopt the view of Chief Judge Brown in *Jackson v. Choate*, 404 F. 2d 910 (1968), that except in "an open and shut case" it is better "to constitute a Three-Judge Court," and to allow that Court to determine initially whether it should have been constituted. And, both the Second and

Third Circuits are in conflict with the Seventh Circuit in this jurisdictional morass on the point presented in the instant case, as to what constitutes a formal allegation of a basis for equitable relief, see; *National Mobilization Committee to End the War in Viet Nam v. Foran*, 411 F. 2d 934, (USCA 7th) (1970). This Petition presents an ideal vehicle for this Court to set down a rule of law on the function and role of a single District Court Judge deciding whether to convene Three-Judge Courts in Constitutional cases, an area which of itself determines the access of citizens to the Courts of the Federal System.

II. The Affirmal by the Third Circuit Court of Appeals of the Order by a Single District Court Judge Dismissing Petitioners' Action Is in Conflict With the Decision of This Court, in Idlewild Bon Voyage Liquor Corp. v. Epstein.

In *Idlewild*, the single District Court Judge had before him an action to enjoin the application of a State Statute and a Motion to Convene a Three-Judge Court. He refused an injunction then, applying the doctrine of abstention, and retained control of the case. Upon renewed applications before other Courts to convene a Three-Judge Court, *Idlewild*, until reaching this Court, met with denials upon the ground that the original Judge had retained jurisdiction and his ruling was the "law of the case". This Court held that the single Judge, in retaining jurisdiction, had exceeded the powers of the proper function of a single Court Judge. It held that when an application for a Statutory Three-Judge Court is addressed to a District Court, the Court's inquiry is a limited one and set a test, that where there is a substantial Constitutional question presented, the Complaint need allege *at least formally* a basis for equitable

relief. The Third Circuit Court of Appeals assumed (25a) that this Court did not mean what it said. It went on to hold (26a) that the District Court should examine the Complaint for "substantive allegations" which would support a claim for injunctive relief. Such a test cannot be squared with *Idlewild*, for the more that a single Judge examines into the merits of the allegations, the more likely is his judicial determination one contradicting the act of Congress requiring Three Judges to decide on the merits of a Constitutional equity proceeding.

III. The Sanctioning by the Third Circuit Court of Appeals of the Dismissal of the Complaint by a Single District Court Judge, Which Seeks Relief Under Title 28 U. S. C., § 2284, So Far Departs From the Accepted and Usual Course of Judicial Procedure, as to Call for an Exercise of This Court's Power of Supervision.

Title 28 U. S. C. § 2284, set out at (34a), requires a Court of Three Judges to grant or deny relief in actions in which it is sought to enjoin the enforcement of an act of Congress. The Statute is a legitimate exercise by Congress of its powers to determine the types of cases which inferior tribunals to this Court may hear and decide. In short, it is a jurisdictional statute. For any other Court to attempt to exercise jurisdiction where the Congress has specifically excluded the same, is a departure from the accepted and usual course of judicial proceedings. When a single District Court Judge, rather than three Judges, dismisses an action and puts a litigant out of Court, it has in fact exercised the jurisdiction which Congress required that a Three-Judge Court exercise. This Court should review such a departure as an exercise of its power of supervision of all inferior tribunals.

IV. The Sanctioning by the Circuit Court of the Dismissal of Petitioners' Complaint in Equity, When Despite Proper Service of the Same, No Responsive Pleadings Were Ever Made by or on Behalf of Any of the Defendants, Sanctions a Departure by a Lower Court From the Accepted and Usual Course of Judicial Proceedings.

Under the Federal Rules of Civil Procedure, all actions convene with the filing of a Complaint, proper docketing of the same, and service by the proper authority. Thereafter, Courts may not act "sua sponte". For the District Court to dismiss an action properly begun by a Complaint, on its own motion, without action by other parties, so far departs from English speaking people's concept of the accepted and usual course of judicial proceeding, as to call for an exercise of this Court's power of supervision.

CONCLUSION.

Petitioners respectfully pray this Court to issue a Writ of Certiorari to the United States Court of Appeals for the Third Circuit, and for such other reliefs as may be just and proper.

Respectfully submitted,

FILINDO B. MASINO,
ANTHONY G. BATEMAN,
Attorneys for Petitioners.

APPENDIX A.

United States District Court

DISTRICT OF NEW JERSEY.

CIVIL ACTION NO. 375-70.

CHARLES MAJURI AND JOSEPH CARUANO

v.

UNITED STATES OF AMERICA AND JOHN N. MITCHELL, ATTORNEY GENERAL OF THE UNITED STATES AND FREDERICK B. LACEY, UNITED STATES ATTORNEY FOR THE DISTRICT OF NEW JERSEY AND JOHN DOE, ANY FEDERAL LAW ENFORCEMENT OFFICER.

OPINION AND ORDER.

Appearance:

BERK, MASINO AND MOONBLATT, ESQUIRES,
Attorneys for Plaintiffs,

By: FILINDO B. MASINO, ESQUIRE.

GARTH, *District Judge:*

Charles Majuri and Joseph Caruano, the plaintiffs herein, are also defendants, with others, in a criminal proceeding.[1]

1. Majuri and Caruano were indicted with others (who are not parties to the instant Civil Action) by a Federal Grand Jury sitting in Newark, New Jersey, on December 16, 1969. The Indictment, Criminal No. 545-69 charged *inter alia* violations of Sections 891, 892 and 894 of Title 18 United States Code.

In this action, the plaintiffs seek to have a statutory Three-Judge Court convened and an injunction issue which would restrain the enforcement of 18 U. S. C. 391, 892 and 894. It is claimed that these statutes, under which they are indicted, do not charge an offense cognizable under the United States Constitution and are repugnant to the 9th and 10th Amendments thereof. Essentially, the plaintiffs argue that Congress, without constitutional authority, has attempted to legislate upon intrastate matters, and they attack the statute, in its form, for a lack of interstate character.

The complaint and motions filed for the convening of a statutory Three-Judge Court pursuant to 28 U. S. C. §§ 2282 and 2284, and for a preliminary injunction, were supported by allegations and affidavits that the plaintiffs would suffer irreparable harm, detailed as follows:

(1) unless restrained by this court, the Government will bring the plaintffs herein to trial under the aforesaid indictments;

(2) the plaintiffs have expended and will be obliged in the future to expend great sums of money;

(3) the plaintiffs will be obliged to undergo grave, personal inconvenience and anxiety in the preparation of a defense to the Government's charges;

(4) the issuance of an injunction will not cause undue inconvenience or loss to the Government, but will prevent irreparable harm to the plaintiffs; and

(5) unless the Government is enjoined from prosecution, the plaintiffs will suffer

> ". . . great and irreparable damage in that they believe, upon the advice of Counsel, that Sections 891, 892 and 894 of Title 18, U. S. C. are unconstitutional

and repugnant to the 9th and 10th Amendments to the United States Constitution, and the plaintiffs believe, upon advice of Counsel, that these sections will be so adjudicated upon the convening of a Three-Judge District Court, with the preparation of argument and authorities of law." (Pg. 2, *Plaintiffs' Affidavit in Support of Motion for Preliminary Injunction*).

The plaintiffs assert that the function of the District Court is limited to: (1) determining whether the constitutional question raised is substantial, and (2) whether the complaint at least formally alleges a basis for equitable relief. *Idlewild Liquor Corp. v. Epstein*, 370 U. S. 713, 715 (1962).

I agree with the plaintiffs that I am required to make the threshold determination as to whether the constitutional question raised, is substantial. With respect to that issue I have determined that the attack on the constitutionality of 18 U. S. C. 891, 892 and 894 presents a substantial constitutional question sufficient to convene a statutory Three-Judge Court. I have made this determination acknowledging and recognizing those authorities which have upheld the constitutionality of this same statute.[2]

The more serious question is whether the District Court is limited solely to determine "whether the complaint at least *formally alleges* a basis for equitable relief" (370 U. S. at 715). The plaintiffs would have me read the *Idlewild* decision to mean that one need only *pro forma* allege a basis for equitable relief.

I do not conceive that the role of the single District Judge is that limited or narrow. If the plaintiffs' action

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2. *United States v. Biancofiori*, — F. 2d —, No. 17,655, September Term 1969—January Session 1970, decided February 2, 1970 (7th Cir. 1970); *United States v. Curcio*, — F. Supp. — Criminal 12,625, decided February 24, 1970 (D. Conn. 1970); *United States v. DeLutro*, — F. Supp. —, 69 Cr. 668, decided January 14, 1970 (S. D. N. Y. 1970).

could not be maintained in the absence of any allegation of equitable relief, must it not also fall if the equitable basis alleged is ineffective to invoke the traditional equity jurisdiction of this court? The mere formal allegation of "irreparable harm" without support, cannot in my view, satisfy equity jurisdictional requirements.

Where an absence of federal equitable jurisdiction is found,

> ". . . it would be useless to go to the inconvenience and expense of convening a court of three judges to determine that [an] injunction should not issue . . ." *Independent Gin & Warehouse Co. v. Dunwoody*, 30 F. 2d 306, 307 (M. D. Ala., N. D. 1928).

In *Frankel v. Gardner*, 263 F. Supp. 218 (E. D. Pa. 1966), District Judge Van Dusen refused to convene a Three-Judge Court where there was no present need for injunctive relief since plaintiff had failed to show irreparable injury. See also; *Priceman v. Dewey*, 81 F. Supp. 557 (E. D. N. Y, 1949).

Of particular significance is *Duncombe v. State of New York*, 267 F. Supp. 103 (S. D. N. Y. 1967). *Duncombe* involved an action for a declaration of invalidity of a state law relating to desecration of the American Flag, and for injunctive relief against criminal prosecution. Although the complaint had been drawn with *Dombrowski v. Pfister*, 380 U. S. 479 (1965) in mind, District Judge Bryan refused to convene a Three-Judge Court.

It was pointed out that a single District Judge's role in such a circumstance was not merely to determine whether the complaint raised a substantial federal question, but also to determine whether a basis was set forth for invoking the traditional equity jurisdiction of the federal courts. Thus, said District Judge Bryan, a single District Judge

could dismiss for failure to show irreparable injury or failure to pursue adequate remedies at law.

Under the facts of *Duncombe*, it was felt that plaintiff had failed to show any threatened irreparable injury to federal rights, particularly where a court of equity normally was very reluctant to interfere with state criminal proceedings. Furthermore, the state remedies were adequate and had not been exhausted. See also, *Burmeister v. New York City Police Department*, 275 F. Supp. 690 (S. D. N. Y. 1967); *Ford v. Attorney General of Pennsylvania*, 184 F. Supp. 129 (E. D. Pa.) *aff'd. per curiam*, 364 U. S. 291 (1960) and *Dombrowski v. Pfister*, 380 U. S. 479, 489 (1965).

Reed Enterprises v. Corcoran, 354 F. 2d 519 (D. C. Ct. of App. 1965) involved a mandamus proceeding to require the convening of a Three-Judge Court. Plaintiffs, book distributors and publishers, sought to convene a Three-Judge Court to test the validity of the 1958 venue amendment to federal obscenity statute.

The Government sought dismissal on the ground that, *inter alia*, the constitutionality of the 1958 Amendment could be tested in the criminal proceedings which had already been brought in the districts of delivery of the allegedly obscene matter.

Circuit Judge J. Skelly Wright initially found that a substantial federal question was present. The complaint formally alleged a basis for equitable relief which, since not obviously colorable, was to be taken as true. Hence, a Three-Judge Court was deemed necessary. He went on to state that:

> "The Government's suggestion that petitioners have an adequate remedy at law in the criminal proceedings now pending against them, while perhaps appropriate in cases outside the First Amendment area [this case

involved First Amendment rights] where a single prosecution is contemplated, is unavailing here . . . ." (354 F. 2d at 523)

For the reasons which are expressed here, it is my view that the "perhaps" in Judge Wright's opinion in *Reed* should be deleted. Such a view is not inconsistent with 28 U. S. C. § 2284(5), which obviously applies to situations occurring subsequent to the convening of the Three-Judge Court.

With these concepts in mind, I have reviewed the record before me. There are no First Amendment rights alleged to be involved. Cf. *Reed Enterprises v. Corcoran*, *supra*. The plaintiffs, as defendants in the criminal proceeding aforesaid (Crim. No. 545-69) have a motion pending in the Criminal Action, to dismiss so much of the Indictment as charges them with violations of 18 U. S. C. 891, 892 and 894. Their motion in the criminal proceeding asserts the same grounds of unconstitutionality as they assert here. The plaintiffs' rights will be adequately vindicated through that course, thus providing plaintiffs with an adequate remedy at law. It should also be noted that plaintiffs are not confined to a prison but are free on bail.

Plaintiffs' allegations as to irreparable harm do not provide them with grounds for relief in equity.

". . . No citizen or member of the community is immune from prosecution, in good faith, for his alleged criminal acts. The imminence of such a prosecution even though alleged to be unauthorized and hence unlawful, is not alone ground for relief in equity which exerts its extraordinary powers only to prevent irreparable injury to the plaintiff who seeks its aid . . ." *Beal v. Missouri Pacific R. Co.*, 312 U. S. 45, 49 (1941).

The plaintiffs do not allege any more than an "injury other than that incidental to every criminal proceeding brought lawfully and in good faith." See *Dombrowski v. Pfister, supra* at 489. Nor can it be said that the mere expenditure of money in connection with their defense in and of itself constitutes that character of irreparable harm cognizable here.

Since the plaintiffs have failed to establish adequate grounds for equity jurisdiction, one of the essential requirements for the convening of a statutory Three-Judge Court has not been met. The plaintiffs' motion for the convening of a Three-Judge Court is therefore denied, plaintiffs' motion for injunction is denied and plaintiffs' complaint is dismissed.[3]

LEONARD I. GARTH,
Leonard I. Garth,
United States District Judge.

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3. For an interesting analysis of the problems involved herein, see 77 Harv. L. Rev. 299, 309 *The Three-Judge District Court: Scope and Procedure Under Section 2281.* See also *32 Univ. of Chicago L. Rev. 1, 25.*

APPENDIX B.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 18,903 & 18,904

CHARLES MAJURI and JOSEPH CARUANO

v.

UNITED STATES OF AMERICA, JOHN N. MITCHELL, ATTORNEY GENERAL OF THE UNITED STATES, FREDERICK B. LACEY, UNITED STATES ATTORNEY FOR THE DISTRICT OF NEW JERSEY, AND JOHN DOE, ANY FEDERAL LAW ENFORCEMENT OFFICER.
JOSEPH CARUANO, *Appellant* in No. 18,903
CHARLES MAJURI, *Appellant* in No. 18,904

APPEALS FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

Argued June 23, 1970
Before WINTER,* ALDISERT and GIBBONS, *Circuit Judges.*

OPINION OF THE COURT

(Filed August 17, 1970)

GIBBONS, *Circuit Judge.*

On December 16, 1969 a Federal Grand Jury sitting at Newark, New Jersey, handed up a seven count indictment

* Circuit Judge of the Court of Appeals for the Fourth Circuit, sitting by designation.

(Crim. No. 545-69) against appellants, Majuri and Caruano, along with others not parties to this action. Three counts of that indictment charged appellants with conspiracy to make, the making of, and the collection of extortionate extension of credit, in violation of 18 U. S. C. §§ 891, 892 and 894 (Supp. V, 1970). That criminal case was routinely assigned to the Honorable Leonard I. Garth for pretrial motions, and he directed a time schedule for the orderly filing, briefing and argument of such motions. In the criminal case the defendants have filed a motion to dismiss so much of the indictment as charges them with violations of 18 U. S. C. §§ 891, 892, and 894, on the ground that those sections of Title 18 were enacted by Congress without constitutional authority and in violation of the Ninth and Tenth Amendments to the United States Constitution. Their contention is that Congress is without power to prohibit intrastate loansharking.

Appellants' motion to dismiss the loansharking counts of the indictment is still pending and undecided in the district court, solely because of the pendency of the civil action in which this appeal arises. On March 30, 1970, appellants filed a complaint alleging the fact of indictment Crim. No. 545-69, and:

> 4. Plaintiffs alleged that Sections 894, 892 and 894 of Title 18, United States Code, are repugnant to the 9th and 10th Amendments to the United States Constitution, in that they are vague, speculative, and do not charge an offense cognizable under the United States Constitution.
>
> 5. Plaintiffs allege that unless the defendants are restrained from enforcement of these provisions, the plaintiffs will suffer severe and irreparable harm, as more fully set forth in the affidavits attached hereto.

Appendix at 19.

In the affidavits referred to, Majuri and Caruano allege their indictment, that they have been arrested, and that they are free on substantial bail awaiting trial. They also allege:

> 3. As a consequence of the same, they have already expended, and will be in the future obliged to expend, great sums of money, as well as to undergo grave personal inconvenience and anxiety in the preparation of a defense to these charges.
>
> 4. Unless the Defendants are enjoined and restricted from committing the threatened acts, the Plaintiffs will suffer great and irreparable damage in that they believe, upon the advice of counsel, that Sections 891, 892, and 894 of Title 18, U. S. C. are unconstitutional and repugnant to the 9th and 10th Amendments to the United States Constitution. . . . .

Appendix at 24-25.

Defendants in this civil action are described in the complaint as "the sovereign, and Law Enforcement Officials charged with the Prosecution of these matters." The prayer for relief seeks a preliminary and a permanent injunction restraining the defendants from proceeding with "any prosecution based on the provisions of Sections 891, 892 and 894. . . . ."

With the complaint and affidavits, appellants filed a motion pursuant to 28 U. S. C. § 2284 (1964) for the convening of a three judge district court and a motion for a preliminary injunction. The civil action was also assigned to Judge Garth. Both motions were heard by him on April 13, 1970. No answering pleadings were filed but the United States Attorney appeared and filed an extensive memorandum raising legal issues as to the sufficiency of the complaint in several particulars.

The government contended (1) that the claim of unconstitutionality is so insubstantial as to be frivolous, and (2) that the complaint and affidavits show no basis for equitable relief. On May 7, 1970 the district court filed a memorandum and order disposing of these contentions. Recognizing that those courts which had considered the constitutionality of the subject statutes had uniformly upheld them,[1] it found, nevertheless, that the constitutional issue was at least sufficiently substantial to be beyond the province of a single judge. On the second issue, however, it held that the complaint failed to allege facts sufficient to invoke traditional equitable jurisdiction. Therefore, it denied injunctive relief, denied appellants' motion to convene a three judge court, and dismissed the complaint.

Appellants filed notices of appeal and on May 19, 1970, applied to a panel of this court for injunctive relief pending appeal and for a stay of the judgment of the district court. The panel ordered an accelerated briefing schedule and referred those motions to the panel which would hear argument on the merits.

Although it was not always so,[2] it is now clear that, at least in cases where, as here, the district court enters an appealable order, review of a refusal to convene a three judge court lies in this court. *Gunn v. University Committee*, 38 U. S. L. W. 4685 (U. S. June 29, 1970); *Mengelkoch v. Industrial Welfare Commission*, 393 U. S. 83 (1968); *Wilson v. City of Port Lavaca*, 391 U. S. 352 (1958); *Schnackman v. Arnebergh*, 387 U. S. 427 (1967); *Buchanan v. Rhodes*, 385 U. S. 3 (1966); *Idlewild Bon Voyage*

1. *United States v. Perez*, No. 33,767 (2 Cir., May 1, 1970); *United States v. Biancofiore*, 422 F. 2d 584 (7 Cir. 1970); *United States v. Curcio*, 310 F. Supp. 351 (D. Conn. 1970); *United States v. Calegro De Lutro*, 309 F. Supp. 462 (S. D. N. Y. 1970).

2. *Stratton v. St. Louis S. W. Ry.*, 282 U. S. 10 (1930), *Ex parte Metropolitan Water Co.*, 220 U. S. 539 (1911); *Miller v. Smith*, 236 F. Supp. 927 (E. D. Pa. 1965).

Liquor Corp. v. Epstein, 370 U. S. 713 (1962). Since in this case we affirm that refusal, we need not now decide whether or not there is jurisdiction in the court of appeals to grant preliminary injunctive relief pending appeal, or equivalent preliminary relief within the federal judicial system by way of mandamus pending appeal, or mandamus relief in the absence of an appealable order.[3]

Appellants contend that having found the federal constitution question to be at least not frivolous, the district court should have made no further inquiry, but should thereupon have entertained the request for a three judge court as a matter of form. Principal reliance for this position is upon the language of *Idlewild Bon Voyage Liquor Corp. v. Epstein*, *supra* at 715:

> When an application for a statutory three-judge court is addressed to a district court, the court's inquiry is appropriately limited to determining whether the constitutional question raised is substantial, whether the complaint *at least formally* alleges a basis for equitable relief, and whether the case presented otherwise comes within the requirements of the three-judge statute. (Italics added.)

Appellants emphasize that their prayer for relief asks for an injunction, that the complaint contains the words "irreparable injury" and that this is all the Supreme Court intended to require by the language "at least formally alleges a basis for equitable relief."

We do not agree. It is clear that in determining the substantiality of the claimed constitutional question the

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3. See *Gunn v. University Committee*, *supra*; *Jackson v. Choate*, 404 F. 2d 910, 912 (5 Cir. 1968); *Lyons v. Davoren*, 402 F. 2d 890, 892 (1 Cir. 1968), *cert. denied*, 393 U. S. 1081 (1969); *Sinatra v. New Jersey State Commission*, 311 F. Supp. 678 (D. N. J. 1970).

district court makes a judicial decision. *Schneider v. Rusk*, 372 U. S. 224 (1963); *Ex parte Poresky*, 290 U. S. 30 (1933); *Fiumara v. Texaco, Inc.*, 240 F. Supp. 325, 326 (E. D. Pa. 1965); *Miller v. Smith*, *supra* note 2. Its function is analogous to that of a court reviewing a complaint for legal sufficiency under Rules 12(b)(1) or 12(b)(6) of the Fed. R. Civ. P. *Hargrave v. McKinney*, 413 F. 2d 320, 324 (5 Cir. 1969). We cannot attribute to the Supreme Court the intention, in the same sentence of *Idlewild Bon Voyage Liquor Corp. v. Epstein*, *supra* at 715, to distinguish between the district court's role in determining substantiality of a constitutional question and its role in determining the existence of a ground for equitable relief. Both decisions are judicial rather than ministerial. Both require that the district court look beyond the prayer for relief to the substantive allegations of the complaint.

Appellants suggest, however, that the decision as to substantiality of the federal constitutional question is "jurisdictional", at least in non diversity cases, whereas a decision that the complaint fails to state a claim for equitable relief is a decision "on the merits" and hence one which by virtue of 28 U. S. C. § 2284 a single judge may not make. But it seems to us that a decision that a claimed question of constitutional law is insubstantial is even more clearly on the merits, and such decision is now a firmly established duty of a single district court judge. A finding of insubstantiality of the constitutional question is, moreover, one involving a more sophisticated judgment than that required to determine whether or not a complaint states a cause of action for injunctive relief. Over recent history far greater growth and change has taken place, and undoubtedly will continue to take place, in federal constitutional law than in the law of equitable remedies.

We agree, therefore, that it was the district court judge's duty to examine the complaint for substantive alle-

gations which would support a claim for injunctive relief, and not to look merely at the prayer for relief and the conclusive allegation of irreparable injury.

Appellants are not faced with the choice of committing a violation of the criminal statute in order to test their constitutional contentions. There is no allegation that the pendency of the criminal charge inhibits them from engaging in protected activities. They do not allege that they should be free to continue intrastate loansharking. They say, only, that it is inconvenient and expensive to raise their constitutional contentions by appropriate pretrial and trial motions in the criminal case, though they have in fact done so. They do not even explain how it will be any less expensive to try the constitutional issues in this civil case than in the criminal case.

The district court, referring to *Dombrowski v. Pfister*, 380 U. S. 479 (1965), and *Reed Enterprises v. Corcoran*, 354 F. 2d 519 (D. C. Cir. 1965), stressed in its memorandum the absence of any alleged infringement of first amendment rights. While activities protected by the first amendment are a common basis for injunctive relief against actual or threatened criminal prosecution, they are not the only activities worthy of such protection in appropriate circumstances. See e.g., *Hynes v. Grimes Packing Co.*, 337 U. S. 86, 98 (1949); *Cline v. Frink Dairy Co.*, 274 U. S. 445, 451 (1927); *Pierce v. Society of Sisters*, 268 U. S. 510, 535 (1925); *Hygrade Provision Co. v. Sherman*, 266 U. S. 497, 500 (1925); *Terrace v. Thompson*, 263 U. S. 197, 214 (1923); *Truax v. Raich*, 239 U. S. 33, 37 (1915). We do not, by affirming, therefore, suggest agreement with a possible interpretation of the district court opinion, that first amendment rights are a *sine qua non* for injunctions against criminal prosecutions.

But, where, as here, the only allegation advanced in support of an injunction against a pending federal criminal

prosecution is the inconvenience of that trial and the preference for a civil remedy before three judges instead of one, the complaint fails to state a claim for injunctive relief, and does not fall within the province of 28 U. S. C. §§ 2282 and 2284.

What is here approved is a judicious screening by the district courts of applications for three judge panels. That screening should be done cautiously, of course, because of the procedural and jurisdictional morass into which litigants may be led by these troublesome three judge court statutes. 28 U. S. C. §§ 2281, 2282, and 2284. But the role of the single district judge should be more than a conditioned reflex to such an application, especially now that the Supreme Court has provided for judicial review in the circuit courts of appeals at least when an appealable order has been entered.[4] In most if not all cases, refusal to convene a three judge court will be accompanied by the denial of a preliminary injunction and hence will be appealable. 28 U. S. C. § 1292 (1964).

One other problem remains. The district court not only denied appellants' motions to convene a three judge court and to grant a preliminary injunction, but also dismissed the complaint. On another record the latter step might well be questionable, since it would dispose, without hearing, of a possible claim for declaratory relief. See Note, the Federal Anti-Injunction Statute and Declaratory Judgments in Constitutional Litigation, 83 Harv. L. Rev. 1870 (1970). Such relief, assuming subject matter jurisdiction, would be available from a single judge. But the Declaratory Judgment Act, 28 U. S. C. §§ 2201-02 (1964), is limited in operation to those cases which would be otherwise within the jurisdiction of the federal courts. Jurisdiction in this case depends upon 28 U. S. C. § 1331 (1964), and there is no allegation in the complaint or affidavits of the

4. See cases cited p. 5, supra.

requisite jurisdictional amount. The situation might be different if the suit challenged a state statute and jurisdiction were asserted under 28 U. S. C. § 1343 (1964). *Hague v. C. I. O.*, 307 U. S. 496, 513 (1939). The complaint here was properly dismissed. The order of the district court will be in all respects affirmed. All motions made in this court and not heretofore disposed of will be denied.

APPENDIX C.

UNITED STATES COURT OF APPEALS

FOR THE THIRD CIRCUIT.

Nos. 18903 and 18904.

CHARLES MAJURI AND JOSEPH CARUANO

v.

UNITED STATES OF AMERICA, JOHN N. MITCHELL, ATTORNEY GENERAL OF THE U. S. FREDERICK B. LACEY, UNITED STATES ATT'Y FOR THE DISTRICT OF NEW JERSEY, AND JOHN DOE, ANY FEDERAL LAW ENFORCEMENT OFFICER

JOSEPH CARUANO, *Appellant in No. 18,903*

CHARLES MAJURI, *Appellant in No. 18,904*

(D. C. Civil Action No. 375-70.)

Present: WINTER*, ALDISERT and GIBBONS, *Circuit Judges.*

ORDER.

It is ORDERED that appellants' motions for injunctive relief pending appeal and for stay of judgment of the District Court in the above cases be, and hereby are denied, in accordance with the opinion of this Court.

ATTEST:
THOMAS F. QUINN,
Clerk.

Date: August 17, 1970.

* Circuit Judge of the Court of Appeals for the Fourth Circuit, sitting by designation.

APPENDIX D.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT.

Nos. 18903 and 18904.

CHARLES MAJURI AND JOSEPH CARUANO

v.

UNITED STATES OF AMERICA, JOHN N. MITCHELL, ATTORNEY GENERAL OF THE U. S. FREDERICK B. LACEY, UNITED STATES ATT'Y FOR THE DISTRICT OF NEW JERSEY, AND JOHN DOE, ANY FEDERAL LAW ENFORCEMENT OFFICER

JOSEPH CARUANO, *Appellant in No. 18,903*
CHARLES MAJURI, *Appellant in No. 18,904*

(D. C. Civil Action No. 375-70.)

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY.

Present: WINTER*, ALDISERT and GIBBONS, *Circuit Judges.*

JUDGMENT.

This cause came on to be heard on the record from the United States District Court for the District of New Jersey and was argued by counsel.

* Circuit Judge of the Court of Appeals for the Fourth Circuit, sitting by designation.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District Court, filed May 7, 1970, be, and the same is hereby affirmed. Costs taxed in favor of appellees.

ATTEST:

THOMAS F. QUINN,
Clerk.

August 17, 1970.

APPENDIX E.

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§ 2282. Injunction Against Enforcement of Federal Statute; Three-Judge Court Required.

An interlocutory or permanent injunction restraining the enforcement, operation or execution of any Act of Congress for repugnance to the Constitution of the United States shall not be granted by any district court or judge thereof unless the application therefor is heard and determined by a district court of three judges under section 2284 of this title. June 25, 1948, c. 646, 62 Stat. 968.

APPENDIX F.

§ 2284. Three-Judge District Court; Composition; Procedure.

In any action or proceeding required by Act of Congress to be heard and determined by a district court of three judges the composition and procedure of the court, except as otherwise provided by law, shall be as follows:

(1) The district judge to whom the application for injunction or other relief is presented shall constitute one member of such court. On the filing of the application, he shall immediately notify the chief judge of the circuit, who shall designate two other judges, at least one of whom shall be a circuit judge. Such judges shall serve as members of the court to hear and determine the action or proceeding.

(2) If the action involves the enforcement, operation or execution of State statutes or State administrative orders, at least five days notice of the hearing shall be given to the governor and attorney general of the State.

If the action involves the enforcement, operation or execution of an Act of Congress or an order of any department or agency of the United States, at least five days' notice of the hearing shall be given to the Attorney General of the United States, to the United States attorney for the district, and to such other persons as may be defendants.

Such notice shall be given by registered mail or by certified mail by the clerk and shall be complete on the mailing thereof.

(3) In any such case in which an application for an interlocutory injunction is made, the district judge to whom

the application is made may, at any time, grant a temporary restraining order to prevent irreparable damage. The order, unless previously revoked by the district judge, shall remain in force only until the hearing and determination by the full court. It shall contain a specific finding, based upon evidence submitted to such judge and identified by reference thereto, that specified irreparable damage will result if the order is not granted.

(4) In any such case the application shall be given precedence and assigned for a hearing at the earliest practicable day. Two judges must concur in granting the application.

(5) Any one of the three judges of the court may perform all functions, conduct all proceedings except the trial, and enter all orders required or permitted by the rules of civil procedure. A single judge shall not appoint a master or order a reference, or hear and determine any application for an interlocutory injunction or motion to vacate the same, or dismiss the action, or enter a summary or final judgment. The action of a single judge shall be reviewable by the full court at any time before final hearing.

A district court of three judges shall, before final hearing, stay any action pending therein to enjoin, suspend or restrain the enforcement or execution of a State statute or order thereunder, whenever it appears that a State court of competent jurisdiction has stayed proceedings under such statute or order pending the determination in such State court of an action to enforce the same. If the action in the State court is not prosecuted diligently and in good faith, the district court of three judges may vacate its stay after hearing upon ten days notice served upon the attorney general of the State. June 25, 1948, c. 646, 62 Stat. 968; June 11, 1960, Pub. L. 86-507, § 1(19), 74 Stat. 201.

APPENDIX G.

§ 1331. Federal Question; Amount in Controversy; Costs.

(a) The district courts shall have original jurisdiction of all civil actions wherein the matter in controversy exceeds the sum or value of $10,000, exclusive of interest and costs, and arises under the Constitution, laws, or treaties of the United States.

(b) Except when express provision therefor is otherwise made in a statute of the United States, where the plaintiff is finally adjudged to be entitled to recover less than the sum or value of $10,000, computed without regard to any setoff or counterclaim to which the defendant may be adjudged to be entitled, and exclusive of interests and costs the district court may deny costs to the plaintiff and, in addition may impose costs on the plaintiff. June 25, 1948, c. 646, 62 Stat. 930; July 25, 1958, Pub. L. 85-554, § 1, 72 Stat. 415.

APPENDIX H.

§ 1291. Final Decisions of District Courts.

The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. June 25, 1948, c. 646, 62 Stat. 929; Oct. 31, 1951, c. 655, § 48, 65 Stat. 726; July 7, 1958, Pub. L. 85-508, § 12(e), 72 Stat. 348.

APPENDIX I.

§ 2106. Determination.

The Supreme Court or any other court of appellate jurisdiction may affirm, modify, vacate, set aside or reverse any judgment, decree, or order of a court lawfully brought before it for review, and may remand the cause and direct the entry of such appropriate judgment, decree, or order, or require such further proceedings to be had as may be just under the circumstances. June 25, 1948, c. 646, 62 Stat. 963.

APPENDIX J.

§ 1254. Courts of Appeals; Certiorari; Appeal; Certified Questions.

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;

* * *

APPENDIX K.

CHAPTER 42.—EXTORTIONATE CREDIT TRANSACTIONS.

§ 891. Definitions and Rules of Construction.

For the purposes of this chapter:

(1) To extend credit means to make or renew any loan, or to enter into any agreement, tacit or express, whereby the repayment or satisfaction of any debt or claim, whether acknowledged or disputed, valid or invalid, and however arising, may or will be deferred.

(2) The term "creditor", with reference to any given extension of credit, refers to any person making that extension of credit, or to any person claiming by, under, or through any person making that extension of credit.

(3) The term "debtor", with reference to any given extension of credit, refers to any person to whom that extension of credit is made, or to any person who guarantees the repayment of that extension of credit, or in any manner undertakes to indemnify the creditor against loss resulting from the failure of any person to whom that extension of credit is made to repay the same.

(4) The repayment of any extension of credit includes the repayment, satisfaction, or discharge in whole or in part of any debt or claim, acknowledged or disputed, valid or invalid, resulting from or in connection with that extension of credit.

(5) To collect an extension of credit means to induce in any way any person to make repayment thereof.

(6) An extortionate extension of credit is any extension of credit with respect to which it is the understanding of the creditor and the debtor at the time it is made that delay in making repayment or failure to make repayment could result in the use of violence or other criminal means to cause harm to the person, reputation, or property of any person.

(7) An extortionate means is any means which involves the use, or an express or implicit threat of use, of violence or other criminal means to cause harm to the person, reputation, or property of any person.

(8) The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and territories and possessions of the United States.

(9) State law, including conflict of laws rules, governing the enforceability through civil judicial processes of repayment of any extension of credit or the performance of any promise given in consideration thereof shall be judicially noticed. This paragraph does not impair any authority which any court would otherwise have to take judicial notice of any matter of State law.

§ 892. Making Extortionate Extensions of Credit.

(a) Whoever makes any extortionate extension of credit, or conspires to do so, shall be fined not more than $10,000 or imprisoned not more than 20 years, or both.

(b) In any prosecution under this section, if it is shown that all of the following factors were present in connection with the extension of credit in question, there is prima facie evidence that the extension of credit was extortionate, but this subsection is nonexclusive and in no way limits the effect or applicability of subsection (a):

(1) The repayment of the extension of credit, or the performance of any promise given in consideration thereof, would be unenforceable, through civil judicial processes against the debtor

(A) in the jurisdiction within which the debtor, if a natural person, resided or

(B) in every jurisdiction within which the debtor, if other than a natural person, was incorporated or qualified to do business

at the time the extension of credit was made.

* * *

§ 894. Collection of Extensions of Credit by Extortionate Means.

(a) Whoever knowingly participates in any way, or conspires to do so, in the use of any extortionate means

(1) to collect or attempt to collect any extension of credit, or

(2) to punish any person for the nonrepayment thereof, shall be fined not more than $10,000 or imprisoned not more than 20 years, or both.

(b) In any prosecution under this section, for the purpose of showing an implicit threat as a means of collection, evidence may be introduced tending to show that one or more extensions of credit by the creditor were, to the knowledge of the person against whom the implicit threat was alleged to have been made, collected or attempted to be collected by extortionate means or that the nonrepayment thereof was punished by extortionate means.

(c) In any prosecution under this section, if evidence has been introduced tending to show the existence, at the time the extension of credit in question was made, of the circumstances described in section 892(b)(1) or the circumstances described in section 892(b)(2), and direct evidence of the actual belief of the debtor as to the creditor's collection practices is not available, then for the purpose of showing that words or other means of communication, shown to have been employed as a means of collection, in fact carried an express or implicit threat, the court may in its discretion allow evidence to be introduced tending to show the reputation of the defendant in any community of which the person against whom the alleged threat was made was a member at the time of the collection or attempt at collection.

APPENDIX L.

AMENDMENT IX—CONSTRUCTION OF ENUMERATED RIGHTS.

The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

APPENDIX M.

AMENDMENT X.—RESERVED POWERS TO STATES.

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

LIBRARY
SUPREME COURT, U.S.

In the Supreme Court of the United States

OCTOBER TERM, 1976

CHARLES MATUS AND [illegible]

Petitioners,

v.

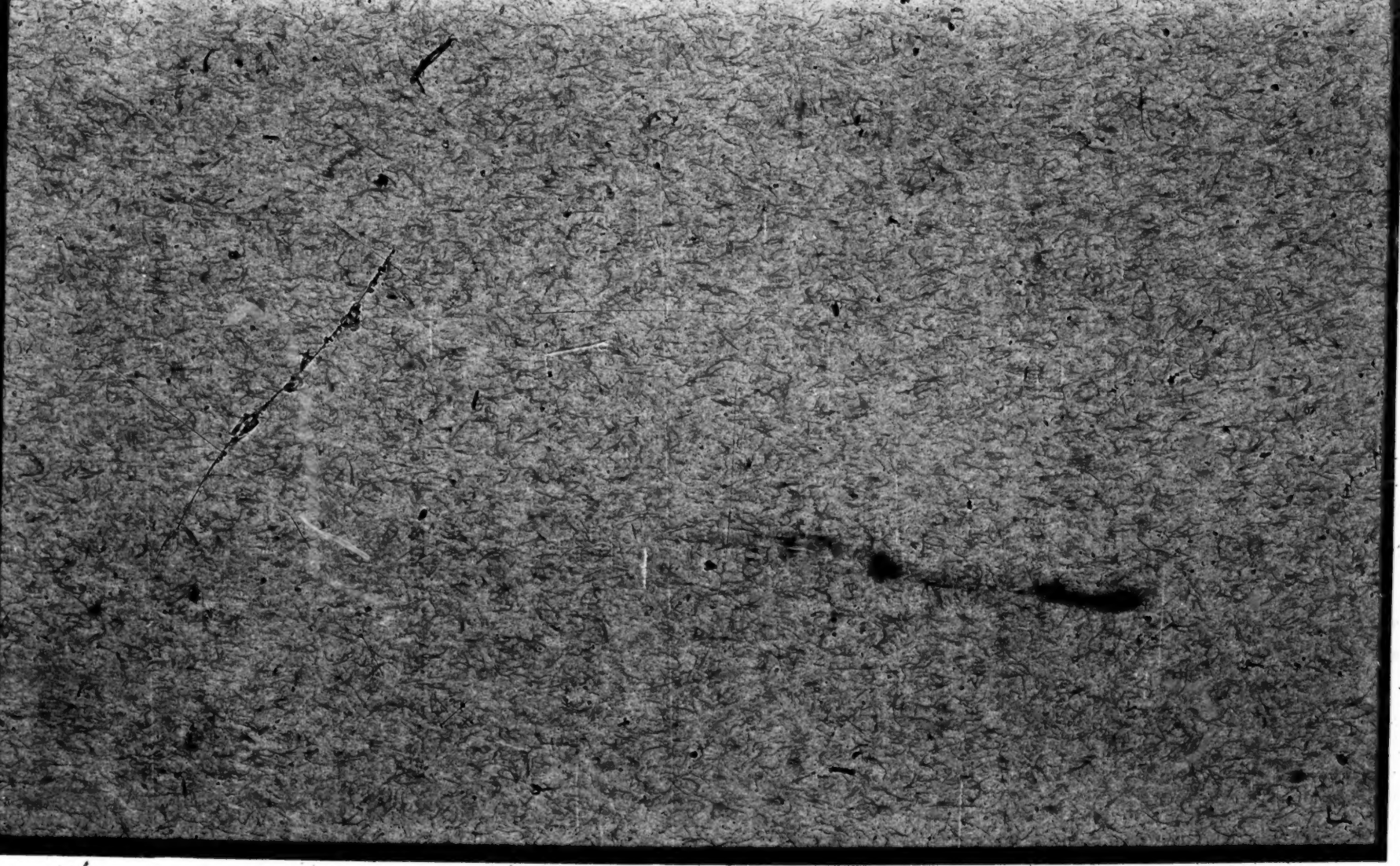
[illegible]

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE [illegible]

MEMORANDUM FOR THE [illegible] IN OPPOSITION

[illegible]



In the Supreme Court of the United States

OCTOBER TERM, 1970

No. 699

CHARLES MAJURI AND JOSEPH CARUANO, PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

MEMORANDUM FOR THE UNITED STATES IN OPPOSITION

Petitioners were indicted in the United States District Court for the District of New Jersey for violations, *inter alia,* of the Extortionate Credit Transactions Act, 18 U.S.C. (Supp. V) 891, 892, 894. They filed a pretrial motion to dismiss the indictment insofar as it relates to these violations, alleging that the Act, passed in 1968, is beyond the power of Congress under the Commerce Clause and infringes upon rights reserved to the States. That motion remains pending in the district court, where it is scheduled to be considered on October 16, 1970, unless petitioners succeed on their application in this Court for a stay of such consideration.

406-546—70

APPENDIX B

In the United States Court of Claims

No. 86-66

(Decided March 20, 1970)

SAMUEL L. PALMER AND STANDARD PARTS & EQUIPMENT CORPORATION v. THE UNITED STATES

Herbert J. Brown, attorney of record, for plaintiffs. *Munson H. Lane*, of counsel.

James D. Stokes, Jr., with whom was *Assistant Attorney General William D. Ruckelshaus*, for defendant.

Before COWEN, *Chief Judge*, LARAMORE, DURFEE, DAVIS, COLLINS, SKELTON and NICHOLS, *Judges*.

OPINION

PER CURIAM: This case was referred to Trial Commissioner James F. Davis, with directions to make findings of fact and recommendation for conclusions of law under the order of reference and Rule 57(a) [since September 1, 1969, Rule 134 (h)]. The commissioner has done so in an opinion and report filed on September 9, 1969. Exceptions to the commissioner's opinion, findings of fact and recommended conclusion of law were filed by defendant and the case has been submitted to the court on oral argument of counsel and the briefs of the parties. Since the court agrees with the commissioner's opinion, findings and recommended conclusion of law, as hereinafter set forth, it hereby adopts the same as the basis for its judgment in this case. Therefore, plaintiffs are entitled to recover reasonable and entire compensation for un-

authorized use by defendant of the valid and infringed patent claim and judgment is entered for plaintiffs with the amount of recovery to be determined pursuant to Rule 131(c)(2).

OPINION OF COMMISSIONER

DAVIS, *Commissioner:* This is a patent suit under 28 U.S.C. § 1498 to recover "reasonable and entire compensation" for unauthorized use by the government of plaintiffs' patented invention. Only the issue of liability is before the court; accounting, if any, is deferred to later proceedings. The patent in suit, issued to Samuel L. Palmer in 1957, relates to emergency lights, particularly useful for marking airport runways at night. Palmer is one plaintiff; his coplaintiff is Standard Parts & Equipment Corporation (hereafter "Standard"), the exclusive licensee under the patent.

This case was earlier before the court on defendant's motion for summary judgment that the patent is invalid as "anticipated" under 35 U.S.C. § 102 or "obvious" under 35 U.S.C. § 103 in view of certain prior art patents. The trial commissioner recommended denial of the motion. *Palmer et al. v. United States*, 155 USPQ 524 (1967). The court affirmed, per curiam, *Samuel L. Palmer and Standard Parts & Equip. Corp.* v. *United States*, 182 Ct. Cl. 896, 156 USPQ 689 (1968), remanding the case for trial and noting that it was leaving open "the issue of the validity of the patent under 35 U.S.C. § 103," and "the impact upon this case of the rule of *General Electric Co.* v. *Jewel Incandescent Lamp Co.*, 326 U.S. 242 (1945)."

Trial was held. Plaintiffs introduced evidence of commercial success, felt need, and failure of others, all of which the U.S. Supreme Court has held may constitute "secondary considerations" in resolving the issue of "obviousness or unobviousness" under 35 U.S.C. § 103. *Graham* v. *John Deere Co.*, 383 U.S. 1, 17–18, 148 USPQ 459, 467 (1966). Defendant introduced additional prior art, not considered by the Patent Office, and adheres to its contention that the patent is invalid under 35 U.S.C. §§ 102 or 103. Defendant also says the patent is not infringed and is invalid under 35 U.S.C. § 112 which requires, among other things, that patent claims "particularly point out and distinctly claim" the invention.

For reasons below expressed, the patent is held valid and infringed.

Patent in suit

Palmer's patented invention is the essence of simplicity. It is a battery-operated electric lamp secured to a bag filled with ballast, such as gravel, sand or the like. By way of background, Palmer served in World War II and in the Korean War as an Air Force pilot. Flying in Asia in the 1940's, and later in Iceland in the early 1950's as operations officer of the Icelandic Defense Command, he recognized the need for a safe and dependable portable landing light for use with temporary or emergency landing strips or with established airfields in the event of an electrical power failure at night. Kerosene smudge pots were commonly used during both wars. However, smudge pots were not entirely satisfactory because they created a fire hazard, required liquid fuel, produced smoke, and were dirty to handle. Palmer's concern for adequate emergency lights was shared by Col. M. A. Elkins, formerly commanding officer of Andrews Air Force Base (AFB), who served with Palmer in the Air Force in Iceland. Elkins recalled occasions in Iceland when smudge pots were used but were unsatisfactory because unstable on snow, particularly in high winds. Elkins also recalled fires during his Air Force career caused by overturned smudge pots at the scene of aircraft accidents.

Sometime during or shortly after serving in Iceland, Palmer conceived the idea of a battery-operated emergency light having a flexible support base filled with loose ballast, the ballast being removable from time to time. The light was intended to be mobile, dependable, nonhazardous, and useful under all adverse weather and terrain conditions. In 1953, Palmer made and tested several prototype devices, the details of which are not clear from the record.

In 1955, Palmer filed his patent application. As described in the specification and drawing, the light consists of a bag with an open mouth in which an electric lamp is inserted and through which ballast is added to or removed from the bag. The bag is made of flexible material, such as canvas. Material at the mouth of the bag is hemmed around a stiffener wire which provides a circular opening. The lamp comprises a

transparent dome, a reflector, an incandescent bulb, a battery receptacle, a battery, and associated wiring. A clamp, similar to an automobile radiator hose clamp, holds together the elements of the lamp and secures them in the bag opening. Ballast is put into or taken out of the bag by loosening the clamp and removing the lamp.

The "crux of the invention," so plaintiffs assert, is that the bag is "normally empty" and is intended to be filled with ballast in use and emptied of ballast when not in use. The patent specification says:

* * * * *

> Another object [of the invention] is to provide a collapsible support for an electric emergency light which may be readily filled with natural ballast, such as sand, gravel, broken ice or snow available at the place of use.
>
> * * * * *
>
> In operation, the bags * * * may be filled with any convenient ballast * * * and dropped from a truck at intervals along the borders to be outlined. * * * the ballast should be removed when the emergency light units are not in use so as to preserve the bags. * * *

* * * * *

In 1955, soon after filing his patent application, Palmer entered into a license contract with Sta-Parts Manufacturing Company, Fort Worth, Texas (hereafter "Sta-Parts"), to make a device called the "Bekon" light. The "Bekon" differs from the device disclosed in the patent specification in the following material respects: (1) The electric lamp is permanently secured in the mouth of the bag by a metal band which surrounds the bag's throat; and (2) ballast is added to or removed from the bag through a zippered slot on one side. Palmer and representatives of Sta-Parts visited Wright-Patterson Air Force Base, and Army personnel in Washington, D.C., soliciting interest in the "Bekon" light. The Army tested it in 1956; evaluated drawings submitted by Sta-Parts; and in 1959 issued a military specification setting out requirements for an emergency light substantially like the "Bekon." In 1962 the Defense Department issued a tri-service military specification incorporating the earlier Army specification.

Plaintiffs have furnished thousands of "Bekon" lights to defendant under military specification since 1959 for use

by all three military services. Some lights were furnished to the Air Force even earlier. The Army has been the largest procurer, purchasing the lights either as individual units or together with canvas carrying bags in which 12 lights are stored in separate pockets without ballast. The carrying bag is of rugged construction and is designed to be transported by hand or vehicle from place to place, or dropped by helicopter; and the lights are intended to be filled with ballast where used.[1] The Air Force has used the lights to line runways in emergencies and to mark helicopter landing areas. Colonel Elkins, while at Andrews AFB in 1955, tested "Bekon" lights and procured a substantial number. The lights were filled with sand ballast and stored on tow trailers for ready availability in event of aircraft emergency landings. At least once, lights were transported to another Air Force base, the ballast being removed before shipment.

About 1965, defendant began procuring emergency lights, in all material respects identical to the "Bekon" light, from sources other than plaintiffs. This suit followed:

The patent claim

The sole patent claim reads:

> An emergency light comprising
>
> a normally empty flexible bag,
>
> a self contained electric light unit comprising
>
> a battery housing,
>
> means supporting a light source in operative association with said housing, and
>
> a transparent cover enclosing said light source,
>
> means attaching said bag to said unit in such manner as to provide, when filled with suitable loose weights, a base for said unit,
>
> an aperture in said bag through which said weights may be inserted or removed, and
>
> means for opening said aperture to permit filling said bag.

[1] The bags are stenciled with instructions: "Fill with ballast before using."

A threshold issue is the scope and meaning of the claim. Defendant says the claim fails to comply with 35 U.S.C. § 112[2] because (1) the phrase "normally empty" is "hazy and indefinite"; and (2) an element of the claimed combination, viz. the circular clamp, is "twice recited" thus rendering the claim "ambiguous, vague and indefinite." A principal purpose of § 112 is to require patentees to define their inventions with such particularity that would-be infringers know the metes and bounds of legal protection to which the patentee is entitled. *Brooks* v. *Fiske*, 56 U.S. (15 How.) 212, 214–15 (1853); *Nelson* v. *Batson*, 322 F. 2d 132, 138 USPQ 552, 553 (9th Cir. 1963). Claims are to be construed in light of the specification. *Dominion Magnesium Ltd.* v. *United States*, 162 Ct. Cl. 240, 320 F. 2d 388, 138 USPQ 306 (1963). And claim construction, a practical matter, should be done on a rational basis to avoid unreasonable and unjust results. *Emery Industries, Inc.* v. *Schumann*, 111 F. 2d 209, 45 USPQ 12 (7th Cir. 1940); *IV Walker, Patents* § 264 (Deller's 2d ed. 1964). Defendant's objection to the phrase "normally empty" appears to be that it is misdescriptive. Defendant says, "* * * if the claimed device is really supposed to be an 'emergency' light it would *not* be 'normally empty' but rather it would be 'normally full' of ballast so as to be ready to set up on a runway."

Though not expressly defined in the patent specification, we think the phrase "normally empty" is clear when read in light of the disclosure as a whole. It states the patentee's concept that the ballast bag is intended to be filled with ballast prior to and in use and emptied of ballast otherwise. The device described in the patent specification is directed to that end, though the specific embodiment disclosed is not as practical as plaintiffs' commercial "Bekon" light. No doubt, as defendant suggests, one could fill the bag with ballast and keep the bag filled throughout its life, in which case the bag would not be "normally empty." But that is not the mode of use contemplated by the patentee, nor is it the way the bags are actually used. The patent teaches using "natural ballast"

[2] Section 112 * * *

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. * * *

available at the use site, such as "sand, gravel, broken ice or snow," and also suggests removing ballast when the lights are not in use "to preserve the bags." As already noted, the Army uses the bags precisely as contemplated in the patent, *i.e.*, the bags are filled on site and emptied thereafter before transport. The Air Force keeps the bags filled, when on tow trailers and ready for use on runways, but empties them prior to shipment elsewhere.

Defendant further argues that the claim is "indefinite" because the circular clamp is "twice recited," once as "means attaching said bag to said unit" and again as "means for opening said aperture to permit filling said bag." Plaintiffs deny double recitation of the clamp. But as the claim must be construed to be supported by the specification, the clamp is at least part of each "means." (See finding 7.) In any event, double recitation of elements of combination inventions does not necessarily render a claim vague and indefinite, particularly if the claim is drafted in terms of means clauses under 35 U.S.C. § 112, or if an element performs more than one function or overlapping functions. *Phillips* v. *Lynch & Larew*, 367 F. 2d 601, 607, 151 USPQ 400, 405 (CCPA 1966); *Ellis*, "*Patent Claims*", § 17 (1949). As stated by the Court of Customs and Patent Appeals in *In re Kelley*, 305 F. 2d 909, 916, 134 USPQ 397, 402 (CCPA 1962), "The governing consideration is not *double inclusion*, but rather is what is a reasonable construction of the language of the claims." Because the bag disclosed in the patent specification has but one aperture, the clamp serves dual functions: it closes the bag to hold in ballast and secures the lamp in the bag. It therefore is properly considered an element of each means clause and does not render the claim indefinite. Accordingly, the claim complies with 35 U.S.C. § 112.[3]

[3] The somewhat unorthodox manner in which the claim is drafted can be explained by applicant's desire to include within its scope the commercial version of the invention, the "Bekon" light. Since the ballast bag of the "Bekon" has two apertures (one for the lamp, one for ballast removal) rather than one as disclosed in the patent specification, the claim was written to cover both embodiments. Read literally, the claim comes closer to defining the "Bekon" light than the device disclosed in the patent specification and drawing. However, defendant has never contended, nor did the patent examiner, that the claim is not supported by the disclosure, as it must be under the law. 35 U.S.C. § 112; Patent Office Rule 75 (37 C.F.R. § 1.75). Construed as set out in finding 7, the claim is so-supported.

Validity

Defendant says the patent claim is invalid under 35 U.S.C. § 102(b) as anticipated by a U.S. patent to Ford et al ("Ford patent"). Alternately, defendant says the claim is invalid under 35 U.S.C. § 103 as defining an invention which is obvious within the meaning of the statute. To anticipate, a prior art reference must disclose all the elements of a claimed combination, or their equivalents, functioning in substantially the same way to produce substantially the same result. *Straussler v. United States*, 168 Ct. Cl. 852, 339 F. 2d 670, 143 USPQ 443 (1964); *Palmer, supra.* The Ford patent, issued in 1951 and entitled "Safety Stanchion," teaches a "collapsible or fluid inflatable safety stanchion" for use as a "highway warning device or similar form of danger signal." It is made of rubberized fabric and is said to fill a need for safety stanchions which cause no "serious bodily injury and property damage as a result of persons or vehicles colliding with them." It comprises in essence an inflatable tube base, four upright inflatable support tubes around which is fastened a fabric sheet, an inflatable tubular ring at the top of the support tubes, and a "flasher light or signal" mounted on a wood platform atop the tubular ring. Though no dimensions are set out in the patent specification, the drawing suggests the device to be about 3–4 feet high. In use, the support tubes and tubular ring are inflated with air to vertical upright position. The base is filled with water to stabilize the stanchion against overturn. Other weights such as "water, soil, stones or other forms of weighting means" can be put into the device through the top by removing the wood platform.

Though totally different from plaintiffs' emergency light in appearance, size and mode of use, defendant says Ford anticipates because it teaches a "battery-operated light having a collapsible base adapted to receive loose weight ballast material through an opening at its top." We hold, however, that despite certain similarities in principle between the devices, there is not the identity of means, function and result necessary to make out anticipation. For example, Ford does not have a "bag" which is "filled with suitable loose weights" within the meaning of plaintiffs' specification and claim. Defendant recognizes this, but argues that "the stan-

chion could be filled with ballast to the top if that were desired" thus using the stanchion walls "to retain that ballast," and serve as a bag. Nothing in Ford suggests such use; and in fact, it is contrary to the patentees' intent since the stanchion, resilient and filled with pressurized air, must give way when hit by a vehicle. If filled with ballast material, it would no longer be a resilient device. Therefore, defendant's interpretation of Ford as anticipatory prior art is without merit.

Whether the claim defines an invention obvious under 35 U.S.C. § 103 requires factual analysis of (1) the scope and content of the prior art, (2) the differences between the prior art and the claim in issue, and (3) the level of ordinary skill in the pertinent art. Secondary considerations such as commercial success, satisfying felt need, and failure of others may have relevance. *Graham* v. *John Deere Co.*, *supra*; *Martin Marietta Corp.* v. *United States*, 179 Ct. Cl. 70, 373 F. 2d 972, 153 USPQ 206 (1967). To show the prior art, defendant relies on 14 patents and some earlier military specifications which teach, among other things, a variety of battery operated emergency lights. (Findings 12-19.) None of the prior art lights, however, use plaintiffs' idea of a flexible bag support base in which ballast can readily be added to or removed from the bag. In fact, the prior devices show that despite no dearth of activity in the art of portable emergency lights, particularly during and just after World War II, no one came up with Palmer's simple but highly practical idea until 1953, even though the problem of adequate aircraft emergency lights is as old as flying itself. This is persuasive evidence of unobviousness. Also pertinent is the fact that for the most part, the prior art devices are relatively complicated and expensive to make and repair, and are not adaptable for use over a wide range of operating conditions. Under the circumstances, therefore, the simplicity of plaintiffs' light is a hallmark of its unobviousness. *Aronson* v. *Toy Devices, Inc.*, 1 F. 2d 91 (3d Cir. 1924); *van Veen* v. *United States*, 181 Ct. Cl. 884, 386 F. 2d 462, 156 USPQ 403 (1967).

Defendant stresses two references, not cited by the Patent Office, a U.S. patent to Gearon et al ("Gearon") and a Brit-

ish patent to Scott-Foxwell, both of which were considered by this court in the earlier proceeding on summary judgment. Gearon relates to signal flares of the type used by trainmen to warn succeeding traffic of an emergency. The flare is mounted in a perforated paper bag filled with sand which serves as a weighted base. When thrown from a moving train, the bag, upon hitting the ground, bursts at the perforations and sand seeps out to form a widened support base for the flare. Scott-Foxwell teaches a flexible bag support base "for supporting articles [*e.g.*, a reading lamp] on uneven, slippery or yielding surfaces." The bag has a circular opening through which "an amorphous or pulverulent mass" such as kaolin[4] is put as ballast. The opening is sealed by sandwiching bag material at the periphery between two circular discs held together by a screw and nut. The discs, besides sealing up the bag, serve as a support for the reading lamp or other article attached to the bag. There is no suggestion in the patent that the discs be removed from time to time to add or remove ballast, there being no apparent reason to do so.

Patents are presumed valid. 35 U.S.C. § 282. Defendant says, however, the presumption of validity is overcome here because Gearon and Scott-Foxwell are more pertinent prior art than considered by the Patent Office. During prosecution of the patent application, the patent examiner considered prior art patents in two categories: (1) Those which teach an electric light secured atop a support such as a portable metal base, and (2) those which teach beanbag or loose ballast-containing supports in combination with ashtrays, baby bottle holders, and the like. The examiner rejected broad claims to the combination of an electric light with a loose ballast-containing support on grounds that such combinaton would be obvious in view of (1) and (2), above. Applicant then narrowed the scope of the claim by reciting as a limitation, among other things, that the bag was "normally empty", a difference not taught by the art and one crucial to a proper defining of the invention. The examiner thereafter allowed the claim. Gearon does not disclose a normally empty support bag in combination with a battery-operated light. It is

[4] Kaolin is finely divided aluminum silicate, somewhat like talcum powder.

no more pertinent than prior art considered by the Patent Office. While Scott-Foxwell suggests the combination of a reading lamp with a loose ballast-containing bag, a concept closer to the device in suit than any considered by the Patent Office, it still does not teach the essential features upon which patentability was predicated. Accordingly, the presumption of validity is not overcome. *See Preformed Line Products Co. v. Fanner Mfg. Co.*, 328 F. 2d 265, 271, 140 USPQ 500, 505 (6th Cir. 1964), *cert. denied*, 379 U.S. 846.

Plaintiffs stress commercial success and satisfying felt need as indicia of unobviousness. While these factors are but "secondary considerations," they are entitled to weight here. The government has procured thousands of the plaintiffs' lights, which in itself indicates satisfaction of felt need. No doubt in most instances, they replaced smudge pots or other less suitable equipment. And so far as the record shows, the military services specify no other emergency light which is so simple of construction, relatively inexpensive, easy to maintain and repair, and readily transportable for use under widely varying operating conditions. (See finding 19.) Colonel Elkins, while commanding officer at Andrews AFB, wrote an article for "the MATS flyer," a publication of the Military Air Transport Service, praising plaintiffs' "Bekon" light. The article says, among other things—

> The problem of ballast, a minor one, also came in for experimentation. Andrews AFB finally settled on sand, after trials with gravel. It is felt that this ballast will prove sufficient even under the stress of high winds or direct jet blast. Any type of ballast can be used—snow, dirt, rocks, water (let freeze), among others.
>
> I have long felt the need for a more satisfactory emergency light, and through the continuous testing conducted by Wing Operations and Transient Maintenance, I feel that we have found the answer in Bekon. Hq USAF and other major commands have been closely watching our lead on this.
>
> At Andrews, the Bekon has meant increased readiness, mobility, and flexibility of lighting. And it may soon become as much a part of the Air Force as its namesake, the beacon.

In sum, giving due regard to the prior art, the Patent Office file history of the patent application, and the secondary

considerations of commercial success and satisfying felt need, we hold that plaintiffs' patent satisfies the requirement for patentability under 35 U.S.C. § 103.[5]

Infringement

Infringement is made out if an accused device uses the same means functioning in substantially the same way to accomplish substantially the same result. *Badowski* v. *United States*, 135 Ct. Cl. 93, 140 F. Supp. 544, 109 USPQ 293 (1956); *Barrett* v. *United States*, 186 Ct. Cl. 210, 405 F. 2d 502, 160 USPQ 224 (1968). The accused device, in all material respects identical to plaintiffs' "Bekon" light, meets these criteria and responds to the terms of the claim.

Defendant says, however, the claim must be narrowly construed to cover only the device shown in the specification and drawing. We see no valid reason from the prior art or the Patent Office file history for so-limiting the claim. *Zonolite Co. & Insulating Concrete Corp.* v. *United States*, 138 Ct. Cl. 114, 149 F. Supp. 953, 113 USPQ 223 (1957). However, even if so-limited, it is entitled to a reasonable range of equivalents, commensurate with the scope of the invention. *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 339 U.S. 605 (1950); *Pratt & Whitney Co.* v. *United States*, 170 Ct. Cl. 829, 345 F. 2d 838, 145 USPQ 429 (1965). In the accused device, ballast is added to or removed from the bag through a slot on the bag's side, rather than through the opening which houses the lamp. While no doubt the accused structure is a practical improvement over the embodiment shown in the patent, its means, function and result are essentially the same.

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[5] The "rule" of the *General Electric* case, alluded to by this court in earlier proceedings, is not inconsistent with holding patentability here. *General Electric*, decided in 1945, simply held that the invention there in suit, though novel, was unpatentable because it lacked "invention." *See General Electric*, *supra*, at 248, where the Court says: "* * * it does not appear in the present case that prior to Pipkin electric bulbs had been frosted on the interior with rounded rather than sharp angular crevices or pits [hence, novelty]." However, the Court then said, "In view of these [prior art] disclosures, it is difficult to see how there could be *invention* in frosting either the outside or inside of an electric bulb * * *." (Emphasis added.)

The 1952 Patent Act, in 35 U.S.C. § 103, for the first time stated the requirement for "invention" in terms of obviousness to those skilled in the art; and the Supreme Court in 1966 set out guidelines under which § 103 is to be applied. *Graham*, *supra*. Those guidelines are here followed. They were also followed in *van Veen*, *supra*, another case in which this court considered *General Electric*.

Finally, defendant says plaintiffs have not proved infringement because they failed to show that the government uses the accused device in the same manner as plaintiffs' "Bekon" light. While it is true plaintiffs' proofs were directed to how the "Bekon" is used, the accused device and the "Bekon" are, in all material respects, identical and are made and procured under the same military specification presumably for the same purpose. Similar use can be inferred. Nothing in the record suggests otherwise.

Accordingly, the claim is infringed.

Findings of Fact

1. This is a patent suit under 28 U.S.C. § 1498. Plaintiffs seek reasonable and entire compensation for unauthorized use by and manufacture for defendant, the United States, of the invention disclosed and claimed in U.S. Patent No. 2,806,131, entitled "Runway Emergency Lights," issued to Samuel L. Palmer on September 10, 1957, on an application filed February 10, 1955. Plaintiffs' petition was filed in this court on March 7, 1966.

2. Samuel L. Palmer, owner of the patent in suit, is one plaintiff. The other plaintiff, Standard Parts & Equipment Corporation (hereafter "Standard"), is a Texas corporation with its principal place of business in Fort Worth, Texas. Standard is exclusive licensee under the Palmer patent by virtue of license agreements with Palmer dated March 25, 1955 and August 1, 1959.

3. This case was earlier before the court on defendant's motion for summary judgment on grounds that the patent is invalid under 35 U.S.C. §§ 102 and 103 in view of certain prior art patents. The trial commissioner recommended denial of the motion. *Palmer et al.* v. *United States*, 155 USPQ 524 (1967). The court affirmed, per curiam, *Samuel L. Palmer and Standard Parts & Equip. Corp.* v. *United States*, 182 Ct. Cl. 896, 156 USPQ 689 (1968), remanding the case for trial and noting that it was leaving entirely open "the issue of the validity of the patent under 35 U.S.C. § 103" and "the impact upon this case of the rule of *General Electric Co.* v. *Jewel Incandescent Lamp Co.*, 326 U.S. 242 (1945)."

4. The issues before the court are patent validity under 35 U.S.C. §§ 102, 103 and 112 and patent infringement. The parties have agreed to defer trial on the accounting issue, if any, until a ruling by the court on the issues of validity and infringement.

5. (a) The Palmer patent relates to emergency lights, particularly useful for marking airport runways at night, but also useful for outlining wrecked airplanes on an airfield or stalled vehicles along highways. The emergency light is a battery-operated electric lamp secured to a bag filled with ballast, such as gravel, sand, or the like. The bag has an open mouth in which the lamp is inserted and through which ballast is added to or removed from the bag. The patent specification says:

> * * * * *
>
> Another object [of the invention] is to provide a collapsible support for an electric emergency light which may be readily filled with natural ballast, such as sand, gravel, broken ice or snow available at the place of use.
>
> * * * * *
>
> In operation, the bags * * * may be filled with any convenient ballast * * * and dropped from a truck at intervals along the borders to be outlined. * * * the ballast should be removed when the emergency light units are not in use so as to preserve the bags * * *.
>
> * * * * *

As described in the patent specification and shown in patent Figs. 2 and 3, reproduced herein, the bag 22 is made of "any suitable flexible material, such as canvas, fabric nylon or flexible plastic materials such as polystyrene." The electric lamp unit comprises a transparent dome 10, a reflector 17, an incandescent bulb 20, a battery receptacle 16, and a battery in the receptacle (not shown in the drawing). The lamp unit is secured in the mouth of the bag by a circular clamp 14, similar to an automobile radiator hose clamp, which has a thumb screw for loosening or tightening the clamp. The fabric at the mouth of the bag is hemmed around a stiffener wire 24, which provides a circular opening to the bag. Clamp 14 is U-shaped and holds the lamp in the bag by engaging (a) a shoulder 12 on the lower part of dome 10 and (b) stif-

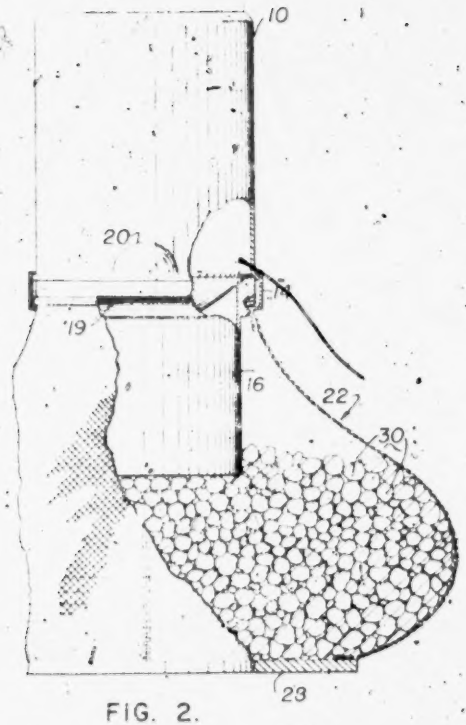

FIG. 2.

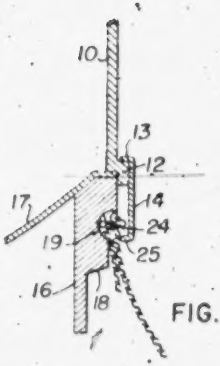

FIG. 3.

fener wire 24 which rests in groove 19 around the top of battery receptacle 16, thereby fastening together the dome, reflector and battery receptacle. Ballast is put into or taken out of the bag by loosening the clamp, disassembling the lamp unit, and removing the battery receptacle, thereby opening the mouth of the bag.

(b) Plaintiffs' commercial device, called the "Bekon" light, differs from the device disclosed in the patent in the following material respects: (a) The lamp is housed in a cylindrical canister which is permanently secured in the mouth of the bag by a metal band which surrounds the throat of the bag, and (b) ballast is added to or removed from the bag through a zippered slot near the bottom of one edge of the bag.

6. The sole patent claim reads:

An emergency light comprising

a normally empty flexible bag,

a self contained electric light unit comprising

a battery housing,

means supporting a light source in operative association with said housing, and

a transparent cover enclosing said light source,

means attaching said bag to said unit in such manner as to provide, when filled with suitable loose weights, a base for said unit,

an aperture in said bag through which said weights may be inserted or removed, and

means for opening said aperture to permit filling said bag.

7. (a) The patent application, as filed by Palmer in 1955, asserted three claims. Claim 1 read:

An emergency light comprising

flexible bag having a mouth in its upper end,

loose weights within said bag,

a self contained electric light unit within the mouth of said bag, and

a transparent cover over the lamp of said electric light unit.

Claim 2 depended on claim 1, further reciting a "detachable clamp" for holding the light unit in the mouth of the bag. Claim 3 also depended on claim 1, further reciting a "non-breakable flat material" on the bottom of the bag.

The patent examiner rejected all claims as "unpatentable over" certain prior art patents. Applicant then added a fourth claim and further responded by rebutting the examiner's position regarding the teachings of the prior art. Included with the response was a copy of an advertising brochure showing the "Bekon" light which was said "to pictorially illustrate the advantages of applicant's invention." The examiner again rejected all the claims, making the rejection final.

Thereafter, applicant sought and was granted an interview with the examiner, pursuant to Patent Office Rule 133 (37 C.F.R. § 1.133). All claims were canceled and new claim 5 (the claim in suit, finding 6) was added. In remarks accom-

panying the amendment adding the new claim, applicant noted, among other things, that

> As rewritten, the new claim sets forth sufficient structure to accomplish applicant's intended purpose, namely, an emergency light capable of being dropped from a moving vehicle. This is developed in the claim by reciting a normally empty flexible bag and means filling and removing the loose weights, together with sufficient structure to complete the claim. * * *

The examiner allowed claim 5 and passed the application to issue.

(b) The allowed claim is narrower in scope and differs in form and content from earlier asserted claims. The terms "normally empty," "means attaching said bag to said unit," "aperture," and "means for opening said aperture" were used for the first time in the new claim. They find no express antecedent basis in the patent specification or claims as filed. "Normally empty" refers to the concept, noted in the specification, that the bag can be filled with ballast at the situs of use and the ballast "removed when the * * * units are not in use so as to preserve the bags * * *." "Means attaching said bag to said unit" refers to clamp 14, stiffener wire 24, and groove 19 in the battery receptacle. "Aperture" refers to the mouth of the bag, the only opening disclosed through which ballast can be inserted or removed. "Means for opening said aperture" refers to clamp 14 and battery receptacle 16, both of which must be removed to open the mouth of the bag.

8. The parties stipulated that defendant procured from a source other than plaintiffs, within the statutory recovery period, at least one emergency light designated Type III B made in accordance with military specification MIL-L-19661A, dated May 22, 1962, and shown in U.S. Army Corps of Engineers drawing No. 13207E8820. Defendant's procured device is in all material respects like plaintiffs' "Bekon" light. (Finding 5(b).) Both devices have substantially the same means operating in substantially the same way to produce substantially the same result.

9. (a) Samuel L. Palmer, the inventor of the patent in suit, served in World War II and in the Korean War as an Air Force pilot. While flying in Asia in the 1940's, and

later in Iceland in the early 1950's as operations officer of the Icelandic Defense Command, he recognized the need for a safe and dependable portable landing light for use with temporary or emergency landing strips or with established airfields in the event of an electrical power failure at night. Kerosene smudge pots were commonly used during both wars. However, smudge pots were not entirely satisfactory because they created a fire hazard, required liquid fuel, produced smoke, and were dirty to handle.

Sometime during or shortly after serving in Iceland, Palmer conceived the idea of an emergency light having a flexible support base filled with loose ballast. The light was intended to be mobile, dependable, nonhazardous, and useful under all adverse weather and terrain conditions. Palmer testified that, in early 1953, he built a working model, using floursack cloth to make an open-top ballast bag as a support base; corn, gravel and sand as ballast; a small can containing a flashlight battery and a bulb as a light unit; and a worm gear clamp to secure the light unit in the mouth of the bag. The clamp was easily removable to add or remove ballast in the bag. Sometime after February 1953, Palmer built a similar device, using as a base a canvas bag made to his order by a tent and awning manufacturer in Fort Worth, Texas. The details of construction of the second device are not clear from the record. Later, Palmer testified he made another similar device, but with a zipper along one side of the bag for adding or removing ballast; and it was tested on a runway at night at Meacham Field, Fort Worth, Texas, sometime in 1953.

(b) Before 1955, Palmer contacted representatives of Sta-Parts Manufacturing Company, Fort Worth, Texas (hereafter "Sta-Parts"), to discuss a licensing contract. In 1955, soon after filing his patent application, Palmer and Sta-Parts entered into an exclusive license agreement to make a device called the "Bekon" light; and in 1959, the agreement was amended, transferring it from Sta-Parts to coplaintiff, Standard. Standard is wholly owned by Sta-Parts.

In 1955, Palmer and representatives of Sta-Parts visited Wright-Patterson Air Force Base, and U.S. Army personnel in Washington, D.C., soliciting interest in the "Bekon" light. In 1956, the Army at Fort Rucker tested the light.

Thereafter, Standard submitted drawings to the Army at Fort Belvoir, Virginia, for evaluation; and in 1959, the Army issued a military specification setting out requirements for a device substantially like the "Bekon" light. In 1962, the Defense Department issued a tri-service military specification which included a light like the "Bekon" as one of several devices designated "Light, Marker, Portable, Emergency, Airfield, Battery Operated." It was the only specified device with a flexible bag base for holding loose ballast. Standard has furnished "Bekon" lights to defendant under military specifications since 1959 for use by all three military services. Some, however, were sold earlier to the Air Force. The lights are furnished with empty bags marked "Fill with ballast before using." Most procurement has been by the Army which purchased the lights either as individual units or along with a canvas carrying bag in which 12 lights are stored without ballast. The carrying bag is of rugged construction and is designed to be transported from place to place by hand or vehicle, and even dropped by helicopter; and the lights are intended to be filled with ballast where used. The Air Force has used the lights to line runways in emergencies and to mark helicopter landing areas. There is no evidence how the Navy uses the lights.

10. Col. Marshall A. Elkins, formerly commanding officer of Andrews Air Force Base, testified at trial. Elkins served with Palmer in the Air Force in Iceland in the early 1950's and shared Palmer's concern for adequate emergency runway lighting. Elkins recalled occasions in Iceland where smudge pots were used but were not satisfactory because unstable on snow, particularly in high winds. He also recalled fires during his Air Force career caused by overturned smudge pots at the scene of aircraft accidents.

In 1955 while at Andrews, Elkins tested "Bekon" lights. Thereafter, a substantial number were procured and used at Andrews. The lights were filled with sand ballast and stored on tow trailers for ready availability in event of aircraft emergency landings. At least once, lights were transported to another Air Force base, the ballast being removed before shipment.

Elkins wrote an article in "the MATS flyer" (April 1956), a publication of the Military Air Transport Service. The article praises plaintiffs' emergency light, noting among other things the "zippered base for ease in loading ballast." Further, the article states—

> The problem of ballast, a minor one, also came in for experimentation. Andrews AFB finally settled on sand, after trials with gravel. It is felt that this ballast will prove sufficient even under the stress of high winds or direct jet blast. Any type of ballast can be used—snow, dirt, rocks, water (let freeze), among others.
>
> I have long felt the need for a more satisfactory emergency light, and through the continuous testing conducted by Wing Operations and Transient Maintenance, I feel that we have found the answer in Bekon. Hq USAF and other major commands have been closely watching our lead on this.
>
> At Andrews, the Bekon has meant increased readiness, mobility, and flexibility of lighting. And it may soon become as much a part of the Air Force as its namesake, the beacon.

11. From 1956 to 1968, Sta-Parts and Standard sold about 47,700 "Bekon" lights to defendant for use by its various agencies. Sales to other purchasers (*i.e.*, commercial companies; and state and local governments) during the same period were about 2,500. Plaintiffs have not advertised in nationally distributed magazines. About 4,500 sales flyers describing the "Bekon" have been circulated to the trade since 1960.

12. Defendant relies on the following prior art patents:

Patentee and country	No.	Date issued	Considered by Patent Office
Allen (U.S.)	1,778,545	Oct. 14, 1930	Yes
Allen (U.S.)	2,450,927	Oct. 12, 1948	"
Bellow (U.S.)	2,219,974	Oct. 29, 1940	"
Briggs (U.S.)	2,492,837	Dec. 27, 1949	No
Cline (U.S.)	Des. 136,406	Sept. 28, 1943	"
Congdon (U.S.)	1,425,945	Aug. 15, 1922	Yes
Firestone (Brit.)	546,533	July 17, 1942	No
Ford et al (U.S.)	2,561,016	July 17, 1951	"
Gearon et al (U.S.)	2,547,698	Apr. 3, 1951	"
Haines (U.S.)	2,090,293	Aug. 17, 1937	"
Miller (U.S.)	2,346,695	Apr. 18, 1944	"
Newstead (Brit.)	513,223	Oct. 6, 1939	"
Reese (U.S.)	1,308,809	July 8, 1919	"
Scott-Foxwell (Brit.)	622,680	May 5, 1949	"

12. The two Allen patents and the Bellow and Scott-Foxwell patents all relate to flexible bag support bases. Allen '545 teaches "a bag of rubber or of other yieldable fabric" filled with "sand, gravel, shot, or other suitable yieldable material." The bag has straps on top to hold and support a baby bottle. In one embodiment, the bag is provided with screw caps by which it can be opened "for changing, removing or refilling" with filler material. Allen '927 is similar in respects here material to Allen '545, except that the support base is a bag zippered along one edge to provide access to its interior; and within the base bag is a second bag, called an "inner" bag, which holds filler material described as a "loose mass of relatively heavy mobile particles." The patent says, "By making the inner bag readily removable, the outer member may be quickly and easily washed and maintained sanitary."

Bellow teaches a bowl-shaped ashtray secured to a beanbag base. The top of the bag is secured to the rim of the bowl by a metal ring over which the rim is curled to secure the bag permanently to the bowl. No provision is made to change from time to time the filler material in the bag.

Scott-Foxwell teaches a flexible bag support base "for supporting articles [*e.g.*, a reading lamp] on uneven, slippery or yielding surfaces." The bag has a circular opening through which "an amorphous or pulverulent mass" is put to serve as ballast or filler material. A suitable mass is "kaolin," a fine, inert powder (aluminum silicate) used in ceramics. (HACKH'S "CHEMICAL DICTIONARY," 1929.) Also suggested is sand or clay. The circular opening is sealed by sandwiching bag fabric, such as chamois leather, at the periphery between two circular discs held together by a screw and nut. The discs, besides sealing up the bag, serve as a support for the reading lamp or other article attached to the bag. From the lower disc, a series of vanes of semi-circular contour project down into the filler material to stabilize the discs.

There is no suggestion in the patent that the discs be removed from time to time to add or remove ballast, there being no apparent reason to do so. The bag has several holes near the top covered by material "pervious to air but not to the kaolin filling" to ensure that no air pockets form and that the lower disc stays in contact with filler material.

14. The patents to Congdon, Newstead and Reese all relate to portable electric lights having weighted support bases. The Congdon device is a "portable self-righting post * * * primarily intended to be employed as a means for controlling street traffic." It comprises a vertical post on top of which is mounted an electric lamp. The post is supported by a heavy metal base with rounded bottom, designed to roll if inadvertently struck by a moving vehicle. The lamp is powered by "gas or liquid fuel, or an electric battery."

Newstead teaches "landing lights for use on emergency landing grounds for aircraft." In one embodiment, the light comprises a spherical metal casing which houses an electric lamp, a concave reflector for directing the light upward, and a battery. The casing is weighted at its bottom with a "mass of lead or the like." The device sets on the ground or, alternatively, on a concave base. Because the casing has a round bottom and is weighted, it will "roll like a ball when struck by an aircraft when landing" and "automatically returns, under the effect of its weight, to its operative position as soon as it has stopped rolling."

Reese teaches a battery-operated lighting device comprising a "small portable incandescent electric lamp," akin to an ordinary flashlight, to which is attached a base of "plastic adhesive substance," such as "modeling clay." The device is designed to be secured to irregular surfaces, the clay shaping itself thereto and holding the light in position "for a practically indefinite period." Uses contemplated for the device are said to be "hunting for objects in dark places, such as under desks, in safes, closets or the like, for plumbers, electricians, housewives, and furnishing light for repairing automobile engines where it is desirable to direct the light upon a small, and sometimes out of the way part, and where no means for supporting an ordinary lamp in such manner as to properly direct the light are available." None of the Congdon, Newstead or Reese devices are designed for readily varying the nature or quantity of weighting material in the base.

15. The Gearon patent relates to signal flares of the type used by trainmen to warn succeeding traffic of an emergency. The flare is mounted in a perforated paper bag filled with sand which serves as a weighted base. When thrown from

a moving train," the bag, upon hitting the ground, bursts at the perforations and sand seeps out to form a widened support base for the flare. The device is intended for a single use and is to be stored, filled with sand, on the "crossbar of a railway car."

16. The Ford patent teaches a "collapsible or fluid inflatable safety stanchion" for use as a "highway warning device or similar form of danger signal." It comprises an inflatable tube base, four upright support members on the base around which is secured a fabric sheet to form an envelope resembling a truncated pyramid, an inflatable tubular ring at the top of the support tubes, and a "flasher light or signal" mounted on a wood platform atop the tubular ring.

In use, the support members are filled with pressurized gas (*e.g.*, air) to inflate the device to vertical upright position. For stability against overturn, the tubular base is designed to be filled with "weighting fluid," such as water. Additional weight may be provided by "water, soil, stones or other forms of weighting means" placed on a web across the tubular base near the bottom of the stanchion. Though not expressly stated in the patent specification, the additional "weighting means" are put on to the web through the top of the device by removing the wood platform which supports the flasher light. The device is made of rubberized fabric and is said to fill a need for safety stanchions which cause no "serious bodily injury and property damage as a result of persons or vehicles colliding with them." Though no dimensions are set out in the patent specification, the drawings suggest the device to be about 3–4 feet high.

17. The Briggs and Cline patents teach portable emergency lights comprising in essence a metal casing for housing a battery, a transparent dome atop the casing, and a gaseous discharge lamp (neon) under the dome and operated by the battery. The base of neither device is weighted other than by the battery in the casing. The Briggs device was made and sold by the Emarco Corporation, Dayton, Ohio, under the trade name "Thoro-Flare." The "Thoro-Flare" light has been used by the U.S. Air Force as a runway marking light and by Washington National Airport, Alexandria, Virginia, to mark obstructions on the airfield.

The Haines patent teaches a highway emergency light,

similar in respects here pertinent to the Briggs and Cline devices, except that the lamp is an ordinary incandescent bulb rather than a gaseous discharge tube. The Haines device is supported in a vertical position by a hollow, bowl-shaped base flared at the bottom for stability. No weights are in the base.

18. The Miller and Firestone patents teach portable lights for use in the water, *e.g.*, as seaplane landing lights. The Miller device comprises a canvas casing containing a battery and a battery housing, a light bulb, and a transparent dome mounted atop the casing and battery housing. Surrounding the battery in the casing is foam rubber which serves to cushion the battery and light when dropped into the water from a ship or airplane. The patent specification says that the device is designed to be "dropped safely into the water from a considerable height and at a considerable velocity as from the top deck of a vessel or from an airplane traveling at night, which will land safely without damage in the water, and which, once it enters the water, will immediately return to the surface thereof and automatically light up." Firestone teaches a self-contained battery-powered electric light unit for use "to designate landing areas for seaplanes." The unit is mounted in a hollow rubber tube, somewhat like an ordinary automobile tire, which serves as a float for the unit. The tube is inflated with air and is colored orange and black on its upper surface to serve as a buoy marker in the daytime. In one embodiment, the light unit does not extend below the bottom of the tube, so that "it can be used in very shallow water."

19. Defendant introduced into evidence the following military specifications to illustrate government requirements for portable electric lights both before and after the invention in suit:

Military specification	Date	Originating service
MIL-L-7747	July 19, 1951	Navy
MIL-L-7747A	Apr. 17, 1953	Navy
MIL-L-19661	Oct. 15, 1956	Navy
MIL-L-19662	Nov. 1, 1956	Navy
MIL-L-7591A	Apr. 1, 1953	Air Force
MIL-L-7591B	Nov. 30, 1959	Air Force
MIL-L-52008	Apr. 23, 1959	Army
MIL-L-19661A	May 22, 1962	Tri-service

The tri-service specification superseded and consolidated the latest specification of each service. Army specification 52068 relates to the type of emergency light here in suit. In the tri-service specification 19661A, the light here in suit is designated "Type III A" and "Type III B."

None of the other devices called for by the above-listed military specifications (Types I, II and IV) have flexible ballast bag supports. In general, they have rigid casings which house batteries, lamps, lenses, and associated electrical wiring. The batteries are either conventional dry cells or mercury cells. The lenses are Fresnel lenses, which are specially designed to diffuse light and constitute part of a "precision optical system." Though relative cost data were not introduced at trial, the Type I, II and IV devices are more sophisticated and complicated than Type III A or III B devices, and accordingly would be more expensive.

Conclusion of Law

Upon the foregoing findings of fact, which are made a part of the judgment herein, the court concludes as a matter of law that the sole claim of U.S. Patent No. 2,806,131 is valid and infringed. Accordingly, plaintiffs are entitled to recover reasonable and entire compensation for unauthorized use by defendant, and judgment is entered to that effect. The extent of liability will be determined in further proceedings before a trial commissioner pursuant to Rule 131 (c)(2).

APPENDIX C

Adjudication of Patent Invalidity in the Court of Claims From January 1953[1] to July 1970

Case	No. of Patents[2]	No. of Patents Held Valid	No. of Patents Held Invalid
1. *Gearon, et al.* v. *U.S.*, 129 Ct. Cl. 315 (1954)	1		1
2. *Bereslavsky* v. *U.S.*, 129 Ct. Cl. 427 (1954)	1	1	
3. *Davis Airfoils, Inc.* v. *U.S.*, 129 Ct. Cl. 514 (1954)	2		2
4. *Alma Motor Co.* v. *U.S.*, 133 Ct. Cl. 59 (1955)	1	1	
5. *Alma Motor Co.* v. *U.S.*, 133 Ct. Cl. 91 (1955)	1		1
6. *Badowski* v. *U.S.*, 135 Ct. Cl. 93 (1956)	1	1	
7. *Paley* v. *U.S.*, 135 Ct. Cl. 245 (1956)	1		1
8. *Smith* v. *U.S.*, 136 Ct. Cl. 487 (1956)	1		1
9. *Zonolite Co., et al.* v. *U.S.*, 138 Ct. Cl. 114 (1957)	1	1	
10. *Breese Burners, Inc.* v. *U.S.*, 140 Ct. Cl. 9 (1957)	2	2	
11. *Specialties Development Corporation* v. *U.S.*, 141 Ct. Cl. 456 (1958)	1	1	
12. *Chesterfield* v. *U.S.*, 141 Ct. Cl. 838 (1958)	2		2
13. *Fallon* v. *U.S.*, 144 Ct. Cl. 321 (1958)	1		1
14. *Bullock, et al.* v. *U.S.*, 146 Ct. Cl. 506 (1959)	1		1
15. *Saulnier* v. *U.S.*, 148 Ct. Cl. 507 (1960)	1	1	
16. *Ace Fastener Corp.* v. *U.S.*, 149 Ct. Cl. 555 (1960)	1		1
17. *Erie Resistor Corp.* v. *U.S.*, 150 Ct. Cl. 490 (1960)	1	1	
18. *Charlotte Chemical Laboratories, Inc.* v. *U.S.*, 154 Ct. Cl. 283 (1961)	1		1
19. *Coakwell* v. *U.S.*, 155 Ct. Cl. 193 (1961)	1	1	
20. *Regent Jack Manufacturing Co., Inc.* v. *U.S.*, 155 Ct. Cl. 222 (1961)	1	1	
21. *Beall* v. *U.S.*, 157 Ct. Cl. 496 (1962)	1		1
22. *Ushakoff* v. *U.S.*, 164 Ct. Cl. 455 (1964)	1	1	
23. *Adams* v. *U.S.*, 165 Ct. Cl. 576 (1964)	1		
24. *Calhoun* v. *U.S.*, 168 Ct. Cl. 663 (1964)	1	1	
25. *Straussler* v. *U.S.*, 168 Ct. Cl. 852 (1964)	1		1
26. *Pratt & Whitney* v. *U.S.*, 170 Ct. Cl. 829 (1965)	2		2
27. *Kemode* v. *U.S.*, 171 Ct. Cl. 698 (1965)	1		1
28. *Connecticut Valley Enterprises, Inc.* v. *U.S.*, 172 Ct. Cl. 468 (1965)	1		1
29. *Haliczer* v. *U.S.*, 174 Ct. Cl. 507 (1966)	1		1
THE FOLLOWING CASES WERE DECIDED AFTER *GRAHAM* v. *JOHN DEERE*			
30. *Dwyer* v. *U.S.*, 174 Ct. Cl. 1064 (1966)	3	1	2
31. *Yosemite* v. *U.S.*, 175 Ct. Cl. 623 (1966)	1	1	
32. *Soundscriber* v. *U.S.*, 175 Ct. Cl. 644 (1966)	6	1	5
33. *Stukenborg* v. *U.S.*, 178 Ct. Cl. 738 (1967)	2	2	
34. *Blumcraft* v. *U.S.*, 178 Ct. Cl. 798 (1967)	1	1	
35. *Martin-Marietta* v. *U.S.*, 179 Ct. Cl. 70 (1967)	2		2
36. *Autogiro* v. *U.S.*, 181 Ct. Cl. 55 (1967)	11	11	
37. *Eastern Rotocraft Corp.* v. *U.S.*, 181 Ct. Cl. 299 (1967)	1	1	
38. *North Electric* v. *U.S.*, 181 Ct. Cl. 589 (1967)	1		1
39. *Bowser, Inc.* v. *U.S.*, 181 Ct. Cl. 834 (1967)	1	1	
40. *Van Veen* v. *U.S.*, 181 Ct. Cl. 884 (1967)	1	1	

APPENDIX C—Cont.

Adjudication of Patent Invalidity in the Court of Claims From January 1953[1] to July 1970

Case	No. of Patents[2]	No. of Patents Held Valid	No. of Patents Held Invalid
42. *Simmonds Precision* v. *U.S.*, 183 Ct. Cl. 969 (1968)	1	1	
43. *Eastern Rotocraft* v. *U.S.*, 184 Ct. Cl. 709 (1968)	2	2	
44. *Barrett* v. *U.S.*, 186 Ct. Cl. 210 (1968)	1		1
45. *Ellicott Machine* v. *U.S.*, 186 Ct. Cl. 655 (1969)	1		1
46. *Tripp* v. *U.S.*, 186 Ct. Cl. 872	1	1	
47. *Tri-Wall* v. *U.S.*, 187 Ct. Cl. 326 (1969)	1		1
48. *Nissen* v. *U.S.*, 189 Ct. Cl. 1 (1969)	1		1
49. *Decca* v. *U.S.*, 420 F. 2d 1010 (1970)	3		3
50. *Garrett* v. *U.S.*, 422 F. 2d 874 (1970)	2	2	
51. *Palmer* v. *U.S.*, 423 F. 2d 316 (1970)	1	1	
Total Pre-*Graham*	33	14	19
Total Post-*Graham*	45	27	18

[1] January 1, 1953 was the effective date of the new Patent Act, 66 Stat. 798.

[2] Figures in this column represent the total number of patents in the case as to which the Court rendered a decision holding one or more claims valid or invalid.

ADJUDICATIONS BY CIRCUITS*

TABLE 1. *All Circuits Courts of Appeals, 1953–1963:*

Year Reported	Total No. of Patents Adjudicated	Valid and Infringed (percent)	Invalid (percent)	Valid but not Infringed (percent)
1953	66	24.2	62.2	13.6
1954	61	14.7	75.5	9.8
1955	44	18.2	63.6	18.2
1956	80	32.5	51.3	16.2
1957	74	20.7	64.9	5.4
1958	60	26.6	66.7	6.7
1959	70	25.7	57.1	17.2
1960	62	30.7	51.6	17.7
1961	59	45.8	42.4	11.8
1962	62	40.3	48.3	11.3
1963	96	28.1	53.2	18.8
Total and Averages	734	29.0	57.4	13.6

*The following tables are reproduced from Gausewitz, *Brief in Support of Proposed Amendment, Section 103, Title 35, Patents, U.S. Code*, 51 Journal of the Patent Office Society, 299, 332–333 (May 1969).

TABLE 2. *Courts of Appeals By Circuit.*

Circuit No.	Total No. of Patents Adjudicated	Valid and Infringed (percent)	Invalid (percent)	Valid but not Infringed (percent)
1	49	20.4	57.1	22.5
2	90	14.4	73.4	12.2
3	71	16.9	77.5	5.6
4	62	43.6	45.1	11.3
5	82	43.8	40.3	15.9
6	93	26.9	60.2	12.9
7	119	35.3	47.9	16.8
8	30	10.0	76.7	13.3
9	112	29.5	58.0	12.5
10	21	57.2	38.1	4.7
D.C	5	0	60.0	40.0
Total and Averages	734	29.0	57.4	13.6

Courts of Appeals cases decided subsequent to Graham *v.* John Deere *(February 21, 1966) and reported in the U.S. Patent Quarterly prior to December 1, 1968.*

Circuit	Patents Adjudicated	Valid and Infringed (percent)	Invalid (percent)	Valid but not Infringed (percent)	Valid, but Infringement Issue not yet Decided (percent)
1	4	0	75	25	0
2	16	12.5	81.3	6.2	0
3	12	0	66.7	8.3	25
4	17	11.6	82.5	5.9	0
5	16	37.5	56.3	6.2	0
6	8	25	50	25	0
7	50	40	52	6	2
8	16	0	100	0	0
9	34	8.8	91.2	0	0
10	3	0	100	0	0
D.C	3	33.3	66.7	0	0
Total and Averages	179	20.1	72.1	5.6	2.2

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No. 677

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1970

UNITED STATES OF AMERICA, *Petitioner*

v.

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

HERBERT J. BROWN
Attorney for Respondent
Continental Life Building
Fort Worth, Texas 76102

MUNSON H. LANE
The Munsey Building
Washington, D.C. 20004
Of Counsel

Fort Worth Brief Printing Co., 610 S. Jennings Street Phone ED 2-4070

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Opening Statement

Petitioner has asked for writs of certiorari to the United States Court of Claims to review two decisions of such court. The respondent herein is concerned only with the petition as it involves Palmer et al. hereinafter referred to as *Palmer*, and while it is believed that both petitions should be denied the present brief will be confined to the *Palmer* case.

The jurisdiction of this court is not questioned but the summary of the questions presented appearing on page 2 of the petition is entirely too sketchy, at least insofar as the statement as to the sole difference between the Palmer patent in suit and the prior art is concerned. The patent in suit is adequately described in Appendix B, page 65 et seq. which is Commissioner

Davis' description of such patent adopted by the full court and while the so-called "bean bag" support and the "normally empty bag" are important elements of the claim and in fact may be termed the "crux" of the invention as pointed out by Commissioner Davis in Appendix B, page 55; it is the *combination as a whole* as set forth in the Palmer claim quoted on pages 66 and 67 of Appendix B which constitutes Palmer's invention and the *Palmer* record as summarized by Commissioner Davis (App. B, page 60) shows that there was no prior art which fulfills the need which is supplied by Palmer's emergency landing light known as the "Bekon" (App. B, pages 55, 56, 62, 70 and 71).

Also while it is recognized that the case of *Graham v. John Deere Co.*, 381 U.S. 1, 148 USPQ 459, cited at the bottom of page 2 of the petition is a landmark decision to be followed in determining obviousness under 35 USC 103, nevertheless the case of *United States v. Adams*, 383 U.S. 39, 148 USPQ 479 is equally authoritative and is believed to more specifically apply to the *Palmer* case since, in the *Adams* case as in *Palmer*, Government experts expressed disbelief in the Adams' invention until the merits of such invention were proved beyond a doubt by the adoption of the invention by the Signal Corps. Similarly the record shows that while the Government's expert in the present proceeding expressed skepticism as to the practicability of the Palmer device Col. Elkins, a military pilot and at one time Commanding Officer of Andrews Air Force Base, praised the Palmer device, the "Bekon", which he found to be the answer to a

long felt need, as set forth in Commissioner Davis' report in Appendix B, pages 55, 56, 62, 70 and 71. Thus while the present record shows that the Government had engaged in extensive research in the field of emergency landing lights it was Palmer and not those engaged in Government research who produced the Bekon that fulfilled the long felt need as set forth by Col. Elkins. This is clear evidence of invention as was recognized in the Adams case.

Petitioner's Asserted Reasons for Granting the Writ Not Valid

Petitioner on page 8 of its brief asserts that the *Garrett* and *Palmer* cases represent a tendency on the part of the Court of Claims to apply a laxer standard than that prescribed in the *Graham* case, and that this alleged trend if uncorrected would have a serious fiscal effect on the Government and may substantially and unwarrantably impair competition in the procurement of Government contracts.

Respondent takes issue both with the premise that the Court of Claims has not followed the standard prescribed in Graham and with the conclusion that the alleged trend may have serious fiscal impact on the Government. To the contrary respondent asserts that the Court, at least insofar as the *Palmer* case is concerned, has clearly followed the teachings of the *Graham* case as amplified by the *Adams* case and that far from having an adverse fiscal effect upon the Government the practice of the Court of Claims in allowing an inventor a reasonable compensation for the appropriation of his patent rights by the Govern-

ment provides an incentive to inventors which saves the Government much more in development and research programs than would be the case if such compensation were denied. This has been recognized by Congress in statutory provision for suit in the Court of Claims 28 USC 1498.

Referring now to petitioner's contention that the Court of Claims has been more lax in its application of the guidelines set forth by the Supreme Court than have the various Circuit Courts of Appeals it is significant to note that the *Graham* case had its origin in the Fifth and Eighth Circuit Courts of Appeal, whereas the *Adams* case had its origin in the Court of Claims of the United States, and whereas in the *Graham* case the decision of the Fifth Circuit Court of Appeals was *overruled*, in the *Adams* case the decision of the Court of Claims was *upheld* thus showing *approval* of the application of the law by the Court of Claims and *disapproval* of the application of the law by the Fifth Circuit. Certainly it must be assumed, unless clearly proved to the contrary, that this same Court of Claims still applies the rules as set forth by the Supreme Court as represented by the *Graham* case, the *Adams* case and other more recent decisions, as well as its earlier decisions.

That the *Graham* case was considered by the Court and by Commissioner Davis and its principles applied is apparent from that portion of the Court's decision affirming the opinion of Commissioner Davis appearing in Appendix B, wherein on page 53 and again on

page 60 the *Graham* case is referred to and its application to the *Palmer* case discussed. The following is quoted from page 60 to show how fully the *Graham* case was considered:

> "Whether the claim defines an invention obvious under 35 U.S.C. §103 requires factual analysis of (1) the scope and content of the prior art, (2) the differences between the prior art and the claim in issue, and (3) the level of ordinary skill in the pertinent art. Secondary considerations such as commercial success, satisfying felt need, and failure of others may have relevance. *Graham v. John Deere Co., supra; Martin-Marietta Corp. v. United States*, 179 Ct.Cl. 70, 373 F.2d 972, 153 USPQ 206 (1967). To show the prior art, defendant relies on 14 patents and some earlier military specifications which teach, among other things, a variety of battery-operated emergency lights. (Findings 12-19). None of the prior art lights, however, use plaintiffs' idea of a flexible gag support base in which ballast can readily be added to or removed from the bag. In fact, the prior devices show that despite no dearth of activity in the art of portable emergency lights, particularly during and just after World War II, no one came up with Palmer's simple but highly practical idea until 1953, even though the problem of adequate aircraft emergency lights is as old as flying itself. This is persuasive evidence of unobviousness. Also pertinent is the fact that for the most part, the prior art devices are relatively complicated and expensive to make and repair, and are not adaptable for use over a wide range of operating conditions. Under the circumstances, therefore, the simplicity of plaintiffs' light is a hallmark of its unobviousness. *Aronson*

v. Toy Devices, Inc., 1 F.2d 91 (3d Cir. 1924); *vanVeen v. United States*, 181 Ct.Cl. 884, 386 F.2d 462, 156 USPQ 403 (1967).

Applying the three principal factors of the *Graham* case to the *Palmer* case Commissioner Davis and the full Court came to the conclusion that a patentable invention was present. In addition to the *primary* factors the *secondary considerations* of commercial success, satisfying long felt need and failure of others were considered in arriving at patentability. Thus one of the factors in determining patentability of the Palmer device was that even though there had been considerable activity in the art of portable emergency lights no one came up with Palmer's simple but highly practical idea until 1953 even though the problem of adequate emergency lights was as old as flying itself. Similarly in applying the principles of the *Graham* case this court in the *Adams* case held the Adams patent valid. The evidence considered by the Commissioner and by the Court of Claims and summarized in the *Palmer* decision fully refutes petitioner's contention that Palmer's device involved only advances which are *obvious* in the light of the prior art, for the reason that the prior art devices were not suitable for Palmer's intended purpose and were relatively complicated to make and repair whereas Palmer's device is simple and highly practical. While the Palmer device may now seem obvious in the light of Palmer's disclosure such device was not obvious at the time the invention was made which is what the statute specifies (35 USC 103).

Simplicity is Evidence of Invention

Petitioner seems to contend that *simple* expedients are not patentable. This is not true since simplicity has long been recognized as evidence of unobviousness as is pointed out in the portion of the Palmer decision quoted above and as has long been recognized by this Court. See *Potts v. Creager*, 155 U.S. 597, 608 and *Loom v. Higgins*, 105 U.S. 580, 591, and *Diamond Rubber Co. v. Connecticut Tire Co.*, 220 U.S. 428, at 434-435.

It is also clear from the portion of the court's decision in the *Palmer* case quoted above that the effect of the Palmer patent is not "to remove existent knowledge from the public domain or to restrict free access to materials already available" as contended by petitioner on page 8 of its brief, since both the court and Commissioner Davis found on the basis of voluminous evidence that Palmer's solution of the problem of an adequate emergency light was *not* available in the prior art. Thus the cases of *Anderson's Black Rock Inc. v. Pavement Salvage Co.*, 396 U.S. 57 and *Lear, Inc. v. Adkins*, 395 U.S. 653 cited by petitioner are not pertinent to the present situation.

Further on page 10 petitioner cites the case of *Bellow v. Park Sherman Co.*, 131 F.2d 599 (C.A. 7), certiorari denied, 318 U.S. 765, 55 USPQ 310, in support of its contention that the Palmer device is obvious in view of the prior art. This contention is rebutted in the *Palmer* case by the fact that a need for a suitable aircraft emergency light had long existed in spite of the large array of existing portable emergency

lights and bean bag supports for baby bottles and ash trays but in spite of the long felt need no one had ever arrived at Palmer's solution of the problem. No such showing was made in the *Bellow* case. Moreover in *Bellow* the court held that Bellow had claimed his invention so broadly as to be covered by the prior art. The following is quoted:

> "It is said that the prior art is not akin to that of ash trays and that Bellow, therefore, is not limited by its teaching. But it will be observed that the patentee did not so restrict his claimed invention. He recommended its application to any other article designed to stand or rest on an irregular surface. Inasmuch as he made the broad assertion, we think that, in designing a combination for steadying a receptacle resting upon irregular surfaces, he is clearly bound by all instruction in the making of bases for 'other articles' mentioned by him."

In the present case the Palmer claim is not readable on the prior art under 35 USC 102 and this was clearly set forth in the decision of Commissioner Davis of the Court of Claims. Thus it is clear that Palmer's claims is not met by the prior art under 35 USC 102 nor is his invention obvious in view of the prior art under 35 USC 103, though the invention when completed is so simple it may seem obvious in retrospect but was not obvious at the time the invention was made as is apparent from the fact that others were seeking fulfillment of the problem of satisfactory aircraft emergency lights and the Palmer device fulfilled the long felt need.

The Government's Use of Palmer Device is Significant from the Standpoint of Obviousness

On page 10 petitioner complains because Commissioner Davis has pointed out that the Government had used the patented article in significant numbers. This is particularly important when taking into consideration the fact that the Palmer device (the "Bekon" as it was known commercially) was developed by Palmer *independently* of any Government research program and when brought to the attention of Col. Elkins, Commanding Officer of Andrews Air Force Base, was at once recognized as fulfilling a long felt need (App. B, pages 70 and 71). Thereafter in 1959 it was made the subject of a military specification (App. B, page 55) and *thousands* of "Bekons" have been furnished to defendant for use of all three military services. A particular significance of the above resides in the fact that others, including the Government itself, had been seeking a solution of the problem of adequate aircraft emergency lights but no one prior to Palmer had come up with an adequate solution of the problem as stated by Commissioner Davis. It is further significant that in the *Adams* case as in the *Palmer* case the fact that the Government after having been approached by Adams at an earlier date entered into contracts with others for procurement of the Adams devices or the devices covered by the Adams patent. This is set forth in the decision in the *Adams* case as the basis for the conclusion that the Adams invention was not obvious and if this court thought it worthwhile to include this fact in its opinion certainly petitioner cannot be heard to

complain that Commissioner Davis and the Court of Claims thought the fact of the Government's use of the Palmer device in large quantities was sufficiently significant to include in the *Palmer* case. Thus while the *mere* existence of copying may not show patentability where a patented article is not involved or where the patent has been held invalid, appropriation of Palmer's invention under the circumstances of the present case clearly implies invention as was recognized by this court in the *Adams* case. As to commercial success, the *Graham* case has recognized that this is a factor to be considered as relevant, along with other factors, in determining obviousness or the lack thereof. As previously pointed out both Commissioner Davis and the full court considered the three principal factors recited in the *Graham* case for determining patentability whereas the principal fators showing lack of obviousness as called for in the *Graham* case were found not to be present in the cases of *Anderson's Black Rock Inc. v. Pavement Salvage Co.* and *A & P Tea Co. v. Supermarket Corp.*, cited by petitioner on page 10 if its petition. As to the case of *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230, also cited on page 10, this case merely holds that an *unpatented* device or one covered by an *expired* or *invalid* patent may be copied with impunity. There is nothing in the *Sears* case which holds that copying a patented article does not imply patentability and, in fact, the *Adams* case, previously referred to, clearly shows that this is a factor to be considered in determining patentability.

The Blumcraft and Stukenborg Decisions Not Pertinent

Petitioner on pages 11 and 12 of its brief has cited two sets of cases decided since the *Graham* case in which patents held valid by the Court of Claims have subsequently been held invalid by another Federal Court. It is submitted that these two cases are by no means representative and certainly provide no adequate basis for petitioner's complaint that the Court of Claims has not been following the guidelines set forth by *Graham*.

In the *Blumcraft* cases a design patent was involved in which the invention resided in the ornamental features of the device and the question involved was whether the design was obvious in view of the prior art. The Court of Claims after applying the recognized tests as to patentability including those set forth in the *Graham* case, held the patent valid. The Fourth Circuit Court of Appeals on the other hand in applying the same tests found the patent invalid. Since the degree of novelty of the ornamentation of a design was a matter of opinion based largely on the aesthetic tastes of the individual, and since it has long been recognized as to matters of taste there can be no valid dispute, it is not surprising that two courts both conscientiously applying the same guidelines but having different tastes should arrive at different conclusions as to the validity of a design patent and certainly the *Blumcraft* cases do not provide an adequate support for petitioner's contention that the Court of Claims has not been following the guidelines set forth

in the *Graham* case.

The *Stukenborg* cases are also not persuasive as to petitioner's contention that the Court of Claims has not been following the guidelines of the *Graham* case since in these cases the application of such guidelines was not even involved but instead a California District Court held invalid a patent which the Court of Claims had previously held valid but such holding was specifically stated to be in view of grounds which were *not* considered by the Court of Claims, and had it not been for this additional ground, the District Court indicated that it would have followed the decision of the Court of Claims.

Petitioner's Statistics Meaningless and Misleading

On page 12 of its brief petitioner has cited statistics purporting to show that different standards of invention have been applied by the Court of Claims on the one hand and by the Circuit Courts of Appeals on the other. This does not necessarily follow from the statistics as will be pointed out more fully hereinafter, but taking the statistics at face value they show a much larger variation within the respective circuits themselves than does their average, stated to be 27.9%, differ from the percent of cases upheld by the Court of Claims since the Graham decision, stated to be 60%. Thus considering the last table in Appendix C, page 79, it will be seen that the Eighth Circuit held no patents valid or 0%, while the Seventh Circuit held 48% valid and the Fifth Circuit held 43.9% valid.

Thus, if any revision of standards is necessary it would appear that the decisions of the Eighth Circuit should be revised as this court apparently regarded the Graham decision as constituting a judicial repeal of Section 8, Article I as well as the patent act of July 19, 1952 enacted in accordance with said Constitutional provision. Presumably in holding the patents in all sixteen cases which came before it invalid the Eighth Circuit did not take into consideration the fact that at the same time the *Graham* case was decided holding invalid the Graham patent No. 2,627,798 which had been held valid by the Fifth Circuit, the same court also decided the *Adams* case upholding the validity of Adams Patent No. 2,322,210 which had been held valid by the Court of Claims.

In addition to the record of the Eighth Circuit, the records of the First, Third and Tenth Circuits show zero percentage of patents since *Graham* held valid and infringed, which is well below the average of the Circuit Courts of Appeals as set forth in the table on page 79 of Appendix C as 20.1%. Also the other circuits which have found validity and infringement in certain cases, vary widely among themselves from 8.8% in the Ninth Circuit to 40% in the Seventh Circuit, a difference of over 30%. Thus, if as petitioner seems to imply, a set percentage of patents should be held invalid and a lesser percentage held valid, there should be no discrimination against one particular court, the Court of Claims and cases from the various circuits should be sampled from time to time to see if these percentages are being adhered to. Of course this court will do nothing of the kind and

merely to state the proposition is to recognize its impracticability and inequity. Certainly as long as the courts are to be given reasonable freedom in applying the patent law as interpreted by the Supreme Court in the *Graham* and other cases there will be differences of viewpoint in different courts in individual cases, which is as it should be. This is illustrated by the *Blumcraft* cases previously referred to and enumerated on page 11 of petitioner's brief wherein both the Court of Claims and the Fifth Circuit Court of Appeals carefully applied the tests laid down in the *Graham* case and came to different conclusions.

Referring again to the petitioner's contention on page 12 that the different percentages of patents upheld by the Court of Claims, on the one hand, and the average of the various courts of appeal on the other implies that different standards are being employed in application of the *Graham* case, it should be further pointed out that the circumstances in which suits for infringement arise within the Court of Claims, on the one hand, and the various courts of appeal on the other, are widely different and these differences are sufficient to explain the larger percentage of cases in which validity of the patent has been upheld by the Court of Claims. Thus, as set forth on page 13 of its brief petitioner concedes that in 1958 the Government "Abandoned its prior policy of giving preference in the award of contracts to patent owners regardless of its appraisal of the validity of the patent". This harsh rule obviously fails to take into consideration the presumption of validity of a patent as set forth in 35 USC 282 which provides that "A

patent shall be presumed valid". Thus while one other than the U.S. Government must carefully consider the presumption of validity before undertaking to use a patented device without settling with the patent owner, the Government is in no way deterred by this presumption. Accordingly it may be assumed that before one other than the U.S. Government will proceed to infringe a patent except in circuits such as the Third, Eighth and Tenth where the patent laws appear to have been considered to be substantially repealed by the Graham case, efforts will be made to purchase the patent, to avoid infringement, or to enter into a royalty agreement with the patent owner, before taking the risk of being sued for infringement and thus it is only in cases where the patent involved appears to be very weak that one would take the chance of being held for infringement with resulting damages, which in the case of willful infringement may be trebled. Thus, it is not the strong patents, whose validity cannot be attacked with likelihood of success, which come to the Circuit Courts of Appeals, except in those circuits which seldom uphold patent validity, but rather those relatively weak patents in which prior art or other grounds of invalidity are found to exist which were not considered by the Patent Office.

In the Court of Claims on the other hand the Government has no reason to fear an injunction and even if damages are assessed these are relatively low as compared with whose which may be assessed in a circuit court, which may include treble damages where the infringement is willful. Consequently even proc-

esses and devices covered by the strongest patents may be appropriated with impunity by the Government and it is only by reason of the well reasoned decisions of the Court of Claims in applying 28 USC 1498 that inventors are not discouraged entirely from making inventions which would be of use to the U.S. Government.

Thus, instead of the reasons advanced by petitioner for the larger percentage of patents held valid by the Court of Claims since *Graham* as compared to those held valid by the various courts of appeals, namely that a different standard of invention was being applied, it is respondent's contention that the higher percentage of patents held valid by the Court of Claims since *Graham* is because of the larger number of valid patents which came before the Court of Claims than those which came before the various circuit courts, due largely to the same harsh policies of the Government itself, set forth on pages 13 and 14 of petitioner's brief in failing to give due consideration to the validity of patents involved before awarding contracts to others than the patent owner. These same harsh policies may also explain the larger percentage of patents held valid by the Court of Claims since *Graham* than before *Graham*, since the effect of such policy adopted in 1958 would not be reflected in the decisions of the Court of Claims for many years afterward. This is because such policies do not become generally known at once and in addition the decisions of the Court of Claims may not be rendered for four to six years or even more after the infringement commences.

Court of Claims Standard of Patentability not "Lax" but Reasonable

Petitioner on page 13 of its brief improperly and without adequate proof, characterizes the standard of patentability of the Court of Claims as "lax" and, based on that characterization, contends that as a result of such "lax" standards the Government may be required to pay large sums in damages and that administrative settlement of patent claims would be influenced by the Government's and claimant's estimate of how the claimants would fare in the Court of Claims.

Respondent has already answered the charge of "lax" standards of the Court of Claims by showing that the court since *Graham* has consistently applied the standards set forth in that case and that if a larger percentage of patents were held valid by such court since Graham than by the various Circuit Courts of Appeals the reason can be found in the very policies admitted by the Government of appropriating patentend devices without regard for the presumption of validity of such patents. Also it will be recalled that at the same time the Supreme Court was setting guidelines for the courts in the *Graham* case, it also decided the *Adams* case which originated in the Court of Claims and upheld the Adams patent while invalidating the Graham patent which had been held valid by the Fifth Circuit Court of Appeals.

Another case which the Supreme Court decided along with *Graham* and *Adams* also originated in the Eighth Circuit which had held valid the Scroggin

Patent No. 2,870,943. The decision of this court was reversed by the Supreme Court and the Scroggin patent held invalid.

Thus it is clear that the Supreme Court approved the standards of patentability in the *Adams* case but disapproved of the decisions of two circuit courts in the other two cases. Accordingly, to apply the term "lax" to the decisions of the same court (Court of Claims) after *Graham* is clearly unwarranted.

Petitioner understandably expresses concern over the effect of the decisions of the Court of Claims on its admittedly harsh procurement policy which on page 13 is stated to be appropriate any and all patented articles or processes without regard to their validity and attempt to settle all claims for the lowest possible sums. This was the policy adopted by the Government in the *Adams* case, where, after expressing doubt as to the operability of the Adams battery the Government later entered into contracts with various battery companies for its procurement without notifying Adams. Thus large sums of money were saved the Government at the expense of the inventor until Adams' rights were finally vindicated by the Court of Claims and the Supreme Court. Even greater sums would be saved if patent owners in general could be convinced that suits in the Court of Claims to recover the compensation provided for by Congress in 28 USC 1498 were but a futile gesture.

However, while the short range effect of such a policy of ruthless confiscation might save the Government substantial sums of money, the long term effect

would be disastrous and it would soon discourage inventions in which the Government might be interested and would require the expenditure of much greater sums, than those which might be saved by the Government, in research and development (see Appendix X). Even such research might not be productive as appears from the *Adams* case where the Government was trying to develop a satisfactory battery but found it necessary to confiscate instead the independently developed Adams battery. Also in the *Palmer* case the Government had developed many landing lights before Palmer, but none were found suitable for the intended purpose except the "Bekon" as stated by Col. Elkins of Andrews Air Force Base, Appendix B, pages 70 and 71.

The Petition Presents No Important Question of Law

The petitioner is merely asking this court to consider another case in which it thinks the standard of patentability has been misapplied, not only by the Commissioner of Patents, but by the Court of Claims as well (page 10). There was no regrouping of old elements, but the claim of the Palmer patent contains a new element in the combination, namely, "a normally empty flexible bag". This terminology was acceptable to the Commissioner of Patents, and it was, by amendment, the addition of this terminology during the prosecution of the patent application that resulted in the allowance of the claim of the Palmer patent. The term was also accepted by Commissioner Davis, the trial judge, and by the Court of Claims, per curiam. Petitioner vigorously opposed the use of the term in its motion for summary judgment, in its brief

after the trial and in its motion to alter judgment. The term is not unusual in patent law.

Conclusion

The petitioner has not given special and important reasons in support of its petition in accordance with Rule 19 of this Court. Accordingly, the petition should be denied.

Respectfully submitted,

HERBERT J. BROWN
Attorney for Respondent
Continental Life Building
Fort Worth, Texas 76102

MUNSON H. LANE
The Munsey Building
Washington, D.C. 20004
Of Counsel

CERTIFICATE OF SERVICE

Service of this Brief in Opposition to Petition for Writ of Certiorari to the United States Court of Claims was made upon Petitioner by mailing three copies thereof by regular United States mail, postage prepaid, to Erwin N. Griswold, Solicitor General, U.S. Department of Justice, Washington, D.C., 20530, counsel for Petitioner, this 5th day of October, 1970.

Counsel for Respondent

APPENDIX X

From "Washington Post" for May 12, 1958:

U. S. PATENT OFFICE BANS STIR COURT

By James Clayton

Judge Warren E. Burger* of the United States Court of Appeals warned yesterday that the current attitude of the Patent Office and the Courts toward new developments in scientific fields may force the Government to take over more and more fields of research.

The attitude now prevailing, Burger said, imposes barriers to patents for new developments "are more stringent than contemplated either . . . by the Constitution or by Congress".

These barriers, he added, "hardly seem the way to encourage maximum incentive for those engaged in research and invention".

Burger's comments were elicited by a routine patent case in which the Court of Appeals here upheld the Patent Office's refusal of a patent for a drug sold as Buscopan. Developed by a German firm, the drug is used to ease muscular spasms.

The Patent Office ruled that a patent was barred because the drug was anticipated by patents granted in Germany in 1903 and in the United States in 1942. It said that any one skilled in the art would have found the development of Buscopan to be "obvious".

To this, Burger asked, "but is it not also plain that

*Now Chief Justice U S. Supreme Court

this 'obvious' application . . . was not sufficiently clear for the chemists of Germany . . . and of the world, to discover this 'obvious' truth for so many years?"

"This lack of hospitality toward patents" the judge said, "is suggested in argument, frequently made here by counsel for the Patent Office that Buck Rogers comic strips which depict rockets, jets and the space age will . . . be cited as prior anticipation, when making applications for such devices . . .". Patent Office lawyers have already used Rube Goldberg cartoons in such arguments against the granting of patents, he noted.

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